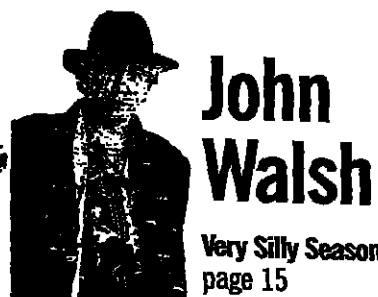


ain



**John Walsh**  
Very Silly Season  
page 15



**Why kids go crazy at the end of term**

Section Two, page 12



**Women who stand by their sportsman**

Section Two, page 4

# THE INDEPENDENT

3,047

THURSDAY 25 JULY 1996

WEATHER: Mainly dry and sunny, but rain in central regions

40p (UK 45p)

## The way to turn silver into gold

The swimmer, Major's dream and the challenge facing British sport

REBECCA FOWLER

A Union flag fluttered over his head, the Princess Royal joined in the applause and his family watched tearfully. For Paul Palmer whose silver swimming medal was Britain's first Olympic award at Atlanta, it was a world away from the cramped 25ft swimming pool in Lincoln where he trains at dawn to avoid the crowds of children.

Palmer, 21, has struggled like so many British athletes who rise to the top despite inadequate facilities and poor funding. But he won his medal on the day that the Prime Minister took the first steps towards national sporting excellence by laying out a £300m-a-year vision to transform Britain's neglected sports facilities for everyone from the most mediocre to the most gifted.

Paul Palmer is a classic example of success against the odds. He has lived with his parents and worked as a general dogbody in an Italian restaurant to keep his dream afloat. After his silver medal swim, Palmer said: "We need backing from the Government if we are to win more medals especially gold ones. But they only think about swimming and gymnastics every four years when the Olympics come round."

Palmer's call has apparently been heard. The centrepiece of John Major's plan will be a £100m national sports academy for Britain's top athletes, which will be funded by money from the Lottery. Its doors are due open in 1998 in time for the build-up to the next Olympics.



Palmer: Swimmer gained success against the odds

in Sydney to create a super élite of British sporting stars, including disabled athletes.

Mr Major announced the search for a suitable 100-acre site yesterday from the garden of 10 Downing Street. Bids will close in October and a winner will be chosen in January.

The Prime Minister said: "What I would like to see is the very best in British sport becoming the best of anywhere in the world, not just because we like winning - although I do like to see our sides winning - but because national sporting heroes give a lift to the sport itself and to the whole country."

The academy, which will have around 500 residential places, will focus on 20 sports including football, athletics, cricket, gymnastics, judo, rowing, swimming and squash. It will provide a pinnacle for a national network of centres for sporting excellence, including specialised sports colleges.

The Government will also

provide scholarships for athletes worth £35m a year from lottery money, and aims to double the number in universities. Sir Roger Bannister, the former runner, has provided a consultation paper for the Sports Council on how the awards may be made.

The academy and specialist colleges will be open to gifted athletes, for long and short-term residential courses - from very young gymnasts to established players and squads who are already established in their fields.

Derek Casey, chief executive of the Sports Council, said: "Looking at the countries doing well in world sport, including Australia and Canada, they have a 15-year head-start on us in funding from their lotteries. And if you look at the percentage of the United States A team of athletes on scholarships, it's probably between 60 per cent and 70 per cent."

He added: "But the amount of money we are talking about for British sport surpasses anything else in the world. Although we're getting it later we will be spending more on sport per capita than any other country. The opportunities we are talking about are huge."

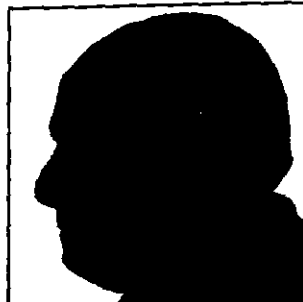
The government proposals also include raising standards in local clubs and schools. Mr Major pledged yesterday to stem the sale of school pitches by giving the Sports Council a statutory right to object to any further sales. He also aims for every pupil to have at least two hours a week of physical education.

Leading article, page 13  
Bryan Appleyard, page 15

## Breathing the wind, riding the clouds



In their element: Few Tor, in the Dartmoor National Park, provides an ideal meditative vantage-point for three Taoist priests, Zhang Ming Gui, Feng Xing Zhao and Huang Shi Zhen, who are in Britain on the first official visit outside China by representatives of their faith since it was founded 2,000 years ago. Photograph: Ian Robinson



## Top Tory comes out for the Euro

ANDREW MARR

A leading Conservative has come out in favour of the single European currency. He argues that Britain's future is "inseparably mingled" with that of Europe and suggests there should be coins with national images on one side and European images on the other. But he goes even further, suggesting all-European stamps and passports.

These proposals, contained in a paper that has been obtained by the *Independent*, will be regarded as close to treachery by Euro-sceptics, such as David Heathcote-Amory, who resigned from the Government this week. But they will please the pro-European Chancellor, Kenneth Clarke.

The Tory author and politician even used the term "United States of Europe" and approvingly quoted a socialist leader, who had proposed that "Europe must federate or perish". Many people in office, he said, held the same view.

The senior Conservative, whose name this paper knows, appeared also to call for a single European defence system, arguing that the Council of Europe should be extended "toward some common form of defence which will preserve order among, and give mutual security to, its members" and enable Europe to take an effective part role in the UN.

His paper goes on: "Inseparably woven with this is the approach to a uniform currency. As we have to build from chaos this can only be achieved by stages. Luckily coins have to be two-sided, so that one side can bear the national and the other the European superscription."

Last night, Downing Street confirmed that "there certainly has been talk of having this kind of coin, with a national symbol on one side and a European one on the other." Treasury ministers have suggested that the Queen's head could be retained, though John Major regards it as a second-order issue.

But in his document, the former minister does not stop there: "Postage stamps, passports, trading facilities" and artistic and charitable bodies would "all flow out naturally" along the "main channel" of the single European currency, he says.

Given the current tense state of the European argument, this language may be regarded as highly provocative. But Mr Major will find it difficult to discipline the author.

To find out why, turn to the top of page 2.



## Just how good are we?

PAUL TROW

As far as British sport is concerned, that has long been the *cri de coeur* from diehards regretting the loss of technique and the lowering of standards. But are Britain's sportsmen

and women of today really a pale shadow of their illustrious predecessors?

When Stanley Matthews hung up his boots in 1965, aged 51, English football went into mourning. We'll never see him like again, was the general

lament. Yet a year later England had won the World Cup for the first and only time.

That 1966 triumph apart, England's two greatest international showings have come this decade: semi-finalists in Italia '90 and again at Euro 96.

Hobbs, Hutton and Boycott are justly revered in cricketing circles, but Gooch has outscored them all at Test level and Atherton is well on the way to overhauling him.

No British man has reached a Wimbledon singles semi-final since Roger Taylor in 1973 when many top players boycotted the event. Tim Henman's quarter-final appearance last month was arguably as creditable given the greater strength of the field.

With Nick Faldo winning his sixth major title at the Masters in April, British golf is stronger than at any time since the golden age of Vardon, Braid and Taylor who between them won 16 Opens between 1894 and 1914.

### Ten Britons who rule the world

Steve Redgrave Unbeaten with Matthew Pinsent in four years since winning coxed-pairs Olympic rowing title in Barcelona. Favourite to win again in Atlanta on Saturday.	Nick Faldo US Masters champion and arguably best golfer in the world.
Jonathon Edwards World triple jump champion and favourite to win this year's Olympic gold.	Laura Davies Only female golfer to head the order of merit on both sides of the Atlantic.
Damon Hill Leader of motor racing's Formula One world championship.	Stephen Hendry World snooker champion.
Cofin McRae World rallying champion.	Naseem Hamed World featherweight boxing champion.
	Tony Atcock World bowls champion.
	Chris Clarke World croquet champion.

### QUICKLY

**Judge given backing**  
The legal establishment yesterday backed Judge Alastair McCallum over his handling of the case of a policeman accused of indecently assaulting two women colleagues. Page 5

**Royal snub for BBC**  
The Queen's Christmas broadcast, traditionally the preserve of the BBC, is to be shared with ITV, Buckingham Palace announced yesterday. Page 7

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## Coup puts Burundi on edge of the abyss

DAVID ORR  
Bujumbura

Burundi is staring into an abyss following the collapse of the government yesterday and the disappearance of its President, who is now in hiding. Many fear the small central African nation could be engulfed in a cataclysm of genocide and civil war similar to that which ravaged neighbouring Rwanda two years ago.

A military coup last night appeared imminent as darkness fell and the curfew began. Burundi's crisis deepened at the weekend when 350 members of the Tutsi minority were massacred in the central region by extremist members of the Hutu majority. Angry Tutsi crowds stoned the country's Hutu President when he arrived for the funeral of the victims at Bugendana on Tuesday.

Within hours of his return to the capital, Bujumbura, President Sylvestre Ntibantunganya had sought refuge in the residence of the US ambassador, Maurice Hughes. An embassy spokesperson said the President was "clearly in fear of his life".

The first news of political turmoil came yesterday when Uprona, the largely Tutsi party which shares power with the mostly Hutu Frodebu party, said it was pulling out of the government. Uprona's leader, Charles Mukasi, accused the President of representing extremist Hutu interests and of bringing about civil war. He called for Mr Ntibantunganya's immediate resignation.

The US embassy spokesperson invited media members to the embassy residence. "The President has been here since Tuesday evening," said the

spokesperson. "He is here at the hospitality of the ambassador. It was the President's own request to come here. As far as we're concerned this is a temporary situation." But the President would not come out to meet the assembled press.

The embassy spokesperson said the US would not approve a coup. Last night, the UN Security Council said it was "gravely concerned at recent information on political developments in Burundi".

The Council president, Alain Dejammet, of France, said: "They strongly condemn any attempt to overthrow the present legitimate government by force". The international community has shied away from intervention in Burundi, in spite of repeated warnings that it was sliding into anarchy.

Further reports, page 10

EXHILARATION  
CLASSIC M 100-102







# The story of the Mitfords is the story of Britain in the 20th century

Jessica Mitford's death has robbed us of a slice of history.  
**Paul Vallely reports**

With Jessica Mitford, a little of English history has died. She and her five sisters and brother – all but two of them now dead – have been memorialised to a passing age.

Their lives have charted, albeit sometimes in caricature, the vicissitudes of a nation and the forces which have buffeted it. The story of the Mitfords is the story of Britain in the 20th century.

Unity Mitford fell in love with Hitler, and shot herself. Diana married the British fascist leader, Sir Oswald Mosley. Their brother Tom was killed fighting in Burma in the Second World War. Nancy, the socialist novelist, died, rejected, in Paris in 1973. Deborah joined the grandest stratum of English aristocracy, marrying the Duke of Devonshire. Pamela, wooed by the poet John Betjeman, married the son of a newspaper magnate. And Jessica became a communist and then went to live in that bastion of anti-communism, the United States.

"The Mitfords were not so much a photograph of their times, as a cartoon," says Ned Sherrin, the writer and impresario behind *The Mitford Girls*, a musical based on the family. "They represent a heightened picture of every section of English society, all extreme in one way or other."

They were wonderful anachronisms, resolutely Thirties English upper-class gels in a world of change which they accommodated without ever fully accepting.

The sisters grew up in a classic upper-class country house – Swinbrook, in Oxfordshire, the family home of Lord and Lady Redesdale. What made them remarkable was that – never being sent to school to mix with other children of their class, but



Bloody but unbowed: Jessica Mitford – in Swinbrook church – grew up in a world of fierce sibling rivalry Photograph: Camera Press



English gels: (From left) Unity, Diana and Nancy Photograph: Hulton Getty



Hitler with Diana Mitford, who married Sir Oswald Mosley (right)

stimulated by the sharp, jealous intelligence of Nancy, the eldest, they grew up in a world of ferocious intimacy, private nicknames, intense competition, exhibitionist fervour and unbounded self-confidence.

If Nancy was the cleverest, it was Diana, the most beautiful, who seemed destined to make most waves in Thirties society. Among her associates were Lytton Strachey, the Sitwells and Evelyn Waugh – his novel *Vile Bodies* is dedicated to her.

Scandalously, for those times, Diana divorced her husband Bryan Guinness (later Lord Moyne) to make herself available to the married man she had fallen in love with. He was Sir Oswald Mosley, then described as the cleverest man in the

House of Commons. He later quit the Tories, then Labour, and formed the British Union of Fascists; his Blackshirts stalked the streets of England. Diana married him in Berlin in 1936. The wedding reception was given by Magda Goebbels,

elderly, beautiful (she still has piercing, cornflower-blue eyes), polite, unapologetic and proud. Only she and "Debo", now mistress of Chatsworth, and the peacemaker among the family, survive. There was much peacemaking to do. Diana's

wife of the German minister of propaganda, Adolf Hitler was present. But when war came the Mosleys were interned; they later went into exile in France in their ironically named home La Temple de la Gloire, just outside Paris. Diana lives there yet

link with Hitler had been affected by her younger sister Unity, who became so besotted with Nazism that she went to Germany and sat in the restaurant where he regularly lunched, until she was invited to join him.

It was the first of 140 meetings which the moonstruck

Unity recounted with girlish gush, calling Hitler "sweet" and "an angel" and thinking it thrilling when he ranted and raved against his underlings. The day Britain declared war she went into a park and shot herself, though it took her eight

sisters to the wartime authorities, went on to write a number of novels, period pieces whose surreally snobbish characters depict England in the last years of the empire.

She also made an enduring contribution to British literary society, in 1955, with her essay in *Encounter* magazine on "U and Non-U", parodying codes of upper-class and non-upper-class speech.

The other sisters thrived in their chosen worlds. Pamela, who died in 1994, divorced from scientist Derek Jackson, the son of one of the founders of the *News of the World*, lived quietly in the country, breeding the Appenzeller Spitzhauben hens she had introduced into Britain from Switzerland.

Tom, who, Jessica claimed, had introduced three of his sisters to the sexual act, perished in the war which Hitler started. Nancy, who denounced her

years to die from the injuries. "Say Not That The Struggle Naught Availeth," the inscription on her gravestone declares.

Against such a background it seems unremarkable that Jessica – who had been saving her "running away money" since childhood – should have eloped at 18 with her cousin, to the Spanish Civil War. It was the start of an involvement with the Left which separated her from her sisters – she hardly spoke to Diana for more than 40 years.

"It was not just a game," says a friend, Polly Toynbee. "She was a hard-bitten communist. She believed it deep down, even after the invasion of Hungary. It was almost an act of faith."

But faith went out of fashion. As she got older Jessica exercised her disdain for authority in elaborate ruses to avoid paying for train tickets or telephone

calls. "She would often arrive waving airline cutlery she had stolen while travelling first class on some magazine commission," recalls Toynbee. "Freebies were her idea of revolution."

Thus the Mitford saga, like the epoch it echoes, ends in self-parody. It is part of its joy that the Mitfords shared the joke. When their mother, Lady Redesdale, was dying, she summoned Jessica to her bedside and said: "I've left all my money to your sisters... You have never had money anyway and never cared about it, and you know how the rich do love money."

For years afterwards, Jessica quoted the words with evident approbation.

Obituary, page 16

## Khan plays straight bat in defence

CLARE GARNER

They were the words that the public gallery was waiting for. "I swear by Allah..." Imran Ahmed Khan Niazi was finally in the witness box and ready to rattle off his defence at such a speed that his counsel, George Carman QC, asked him to slow down. "Do it slowly," he begged. "You're doing it at a fast-bowler pace at the minute."

On the eighth day of the cricket libel trial at the High Court, the former Pakistani cricket captain faced the jury square on and told them how he had never accused either Ian Botham or Allan Lamb of being racist, cheats, uneducated or from an underclass.

He had never used the word "cheat" against anyone but himself; he did not believe in class system and he had made it quite clear that in his opinion ball tampering did not amount to cheating, he said.

His wife, Jemima, 22, daughter of Sir James Goldsmith, looked proudly at her husband as he told the jury: "I have never, at any stage in my life, believed in a class system. I don't look at what class people belong to. That was impressed on us, not only by my father, but by my background – Pathans have always been egalitarian. I'm a tribal person... I have written a book called *The Warrior Race* about the dignity a man has in a classless society, and the indignity in a class-led society."

Having retired from the game to concentrate on his cancer hospital in Lahore, Mr Khan wanted to explain that he had been misquoted. "I didn't want to get into a cricket thing with former colleagues. My life had moved on," he said.

The world class all-rounder said he had been upset by "Paki Cheats" headlines in the tabloid press. "The word Paki became almost abusive... any Pakistani feels a bit touchy, especially reading the headlines in the tabloids. I'm not the only one. It caused a lot of hurt in the Pakistani community in Britain."



Atherton: Change the rules

Mr Khan said he had admitted that he had once, in 1981, used a bottle top to tamper with the ball in order to clarify the demarcation between "cheating and common practice".

"I've never called anyone a cheat to this day... the umpire is solely authorised to decide what is fair and unfair play. I'm no one. How can I call someone a cheat? If I ever use the word, it's when I described my own bottle-top incident."

Mr Botham and Mr Lamb are suing Mr Khan for libel over an "offensive personal attack" on them in the magazine *India Today* which called them racist, undereducated and lacking class and upbringing. Mr Botham is also suing Mr Khan for a story published in the *Star* newspaper in May 1994 which, he claims, accused him of cheating.

Earlier, the England cricket captain Michael Atherton and England coach David Lloyd gave evidence on the eve of the test match against Pakistan.

Mr Atherton reiterated the views expressed in his autobiography *A Test of Cricket: Know the Game*. "I'm not alone in thinking the laws should be changed to allow current actions which the players tacitly accept as part and parcel of the game."

## Jobcentres offer work as prostitutes

CHARLIE BAIN

Unemployed people are being offered jobs as prostitutes through a magazine distributed free to Government jobcentres. Labour claimed yesterday.

Opposition employment spokesman Ian McCartney told the Commons that advertisements in the current edition of *Jobsearch*, an 84-page magazine dedicated to job advertisements, invited vulnerable, unemployed men and women to take up prostitution as a business opportunity.

He said that ministers had refused to withdraw the publication on the grounds that the unemployed should "have the widest access to the widest range of jobs possible".

At one point, Mr McCartney flung a photocopied page of *Jobsearch* across the Commons table at the Education and Employment Minister, Eric Forth. It contained two sex industry advertisements. One headed: "Men wanted. Earn £500 per week. Girls pay you!" It told readers that money could be earned for "intimate services" and that looks were "not important".

The second advertisement promised that "big money" could be made in the sex industry, from the comfort of your own home.

Replying to Mr McCartney's protestations, Mr Forth insisted: "I don't know where it's come from. I don't know its provenance. I don't know the circumstances in which it arose." Mr McCartney told the House that Labour's David Hanson, MP for Delyn, had asked the Department of Education and Employment to withdraw "this offensive magazine" but it had refused "on the grounds that the department believed that the unemployed should have the widest access to the widest range of job opportunities possible".

It emerged later last night that the chief executive of the Employment Service, Mike



Fogden, said in a letter to Mr Hanson, that anyone offended by the advertisements should complain to the Advertising Standards Authority. "While I would not expect my business managers and programme providers to provide access to publications of little value to job seekers which are offensive, it is not for the Employment Service to censor publications or deny job seekers access to the widest range of job opportunities," he wrote.

The publication carries six pages of advertisements similar to those mentioned by Mr McCartney, and is distributed free of charge to jobcentres across the country. It is also available for 95p at newsagents.

Last night, Colin Houghton, managing director of Trinity Newspapers, the company that publishes the magazine, defended the advertisements as "harmless adverts for escorts". He said: "In the business section of the magazine there are adverts for male and female escorts and nowhere is the word prostitute or prostitution mentioned. *Jobsearch* is a genuine magazine advertising jobs mainly in the IT [information technology] industry. As far as I'm concerned there is no link between being an escort and being a prostitute."

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## Backing for judge in 'lenient' verdict

PATRICIA WYNN DAVIES  
Legal Affairs Editor

The legal establishment yesterday dug in behind Judge Alastair McCallum in the controversy over his handling of the case of the policeman accused of indecently assaulting two women colleagues.

In a statement issued on his behalf by the Lord Chancellor's department, Judge McCallum hit back after he was condemned by women's groups and by Lynne Tolan, the former detective chief inspector who investigated the complaints, for saying that the officer, Constable Robert Bridle, should have had a "sound ticking-off" instead of being taken to court. It was the first time since 1994 that the department had is-

Lord Chancellor steps in as outcry rages over acquittal in police case

that a retired policewoman, who was on the witness list and ... not in court to hear any evidence, should give a press conference outside the court minutes after the case ended."

Highlighting that the prosecution had decided to offer no further evidence, the judge took the equally rare step of repeating from his notes the relevant part of his direction to the jury, in which he said: "In this case there is now evidence that a fair degree of horseplay took place during canteen breaks between officers of both sexes, and clear evidence that some of the language used and nicknames given would possibly offend if it were not used in the context of the very close camaraderie that we heard of on Shift Rota 3. They were obviously a good, cohesive unit who even used to socialise out of hours, and a good deal of banter became an acceptable form of relieving boredom or tension."

"Clearly it should never reach a stage where a police officer becomes uncomfortable, harassed or indecently touched."

"Before the prosecution can prove an indecent assault, they must prove that the accused did not honestly believe that no objection would be taken to his actions. It is not sufficient that they establish that the police-women did object, which they clearly did."

"Prosecuting counsel, now with the benefit of the evidence solicited in cross-examination, feels that he could not properly ask for that conviction."

The judge told the prosecution on Tuesday that "if a person behaves in that way, and if a complainant doesn't want the matter to come to court, then the appropriate way to deal with him is his superior officer to give him a sound ticking-off to make sure he doesn't behave in a way which most people find unacceptable."

Jean Smith, of Rights of Women, the legal policy and advice organisation, said: "The judge still went beyond what was required. Those kinds of comments contribute to the belief that sexual harassment is always the result of 'horseplay', and not to be taken seriously."



McCallum: Facing criticism

sued a statement on behalf of a beleaguered judge.

PC Bridle, a 41-year-old married man, was accused of grabbing the breasts of two female colleagues and on another occasion sitting astride one of the women. Judge McCallum directed the jury at Bradford Crown Court to find him not guilty on all three charges and on a further charge to be dealt with at a separate hearing.

The first WPC, who testified on Monday, had not wanted the case to come to court but said she felt a complaint was necessary.

In the wake of calls for his resignation Judge McCallum, 49, took the rare step of asking the Lord Chancellor's department yesterday to issue a personal response on his behalf. By convention the department remains officially neutral, but it is unlikely to have agreed to make the statement if it believed the judge was in the wrong.

He declared in the statement: "I am surprised at the way in which the case has been reported. I am also astonished

## Branson defiant at no-bribe ruling on Oflot

Richard Branson vowed to press ahead with legal action, despite a report by a senior criminal barrister yesterday that he was not the subject of a bribery attempt by the representative of the rival bidder for the National Lottery.

Mr Branson expressed "amazement" that the regulator should have sanctioned publication of the Rafferty report so close to a court case, "but nothing about Oflot surprises me any more," he added. He also pointed out that he could have sought an injunction preventing publication, but chose not to do so.

"I look forward to the verdict of a British jury who will have had the chance of hearing both sides of the story," he said.

Mr Branson issued a statement saying that he had not co-operated with the Rafferty inquiry, set up by Peter Davis, director-general of the lottery watchdog, Oflot, which cleared Guy Snowden of GTEch, the US operator and part of the winning Camelot consortium, of offering Mr Branson an inducement to pull out of the battle.

He said the findings of Anne Rafferty QC, were entirely based on a written submission from Mr Snowden's solicitors.

"She has not heard our side of the case. It has been a toothless inquiry," said the Virgin founder.

The report could be seen as a blow to Mr Branson, who is suing Mr Snowden and GTEch for libel. The bribery allegation

was made on BBC's Panorama programme in December last year.

On the programme, Mr Branson said that during a lunch in 1993 at his Holland Park home-cum-office, Mr Snowden allegedly said: "Well, I don't know how to phrase this. Richard, there is always a bottom line. I'll get to the point. In what way can I help you, Richard? I'm sure everybody needs something."

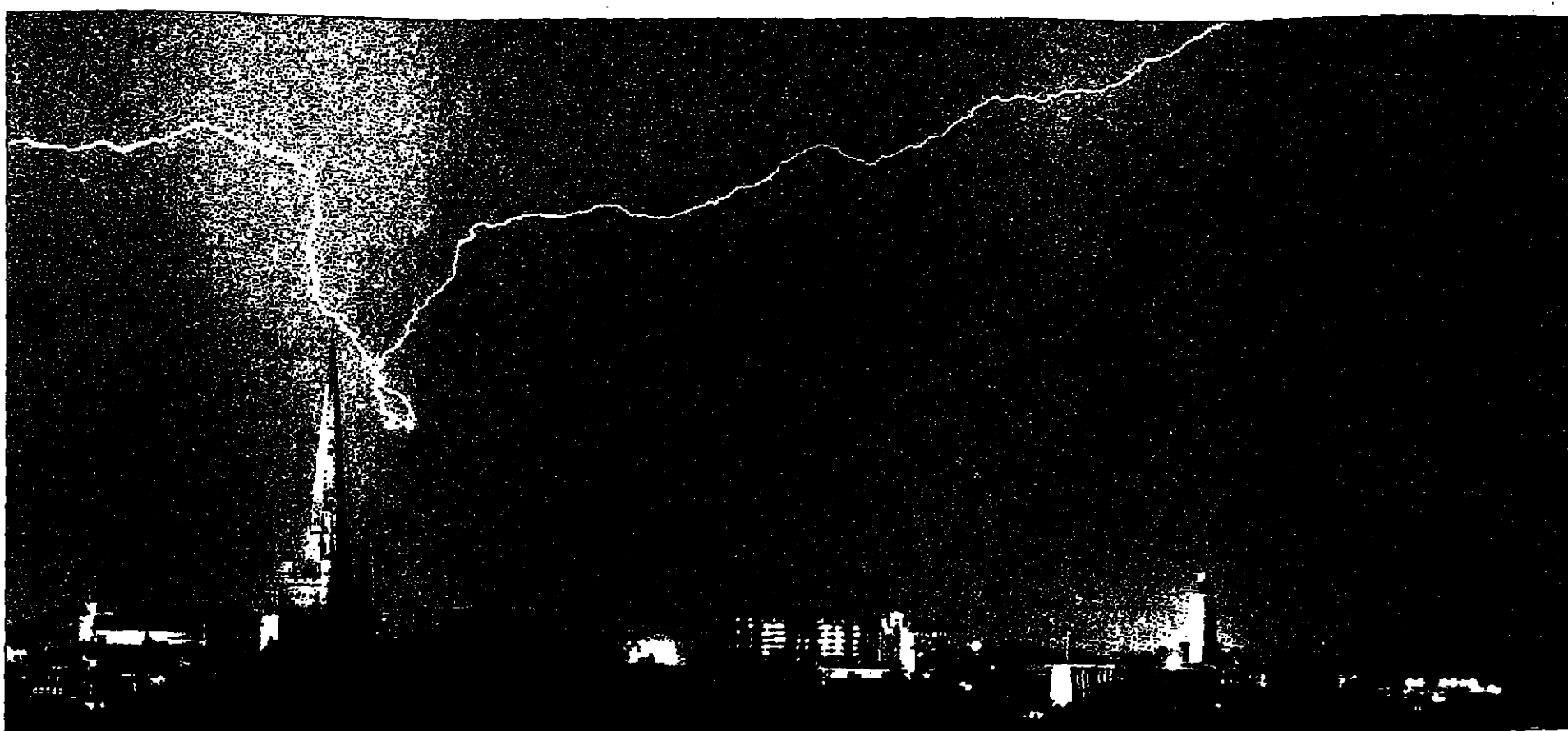
Mr Branson says that was an offer of a backhand. Mr Snowden says it was not, and is suing Mr Branson for suggesting that he was trying to bribe him.

In her report, Ms Rafferty suggests it unlikely that a businessman of Mr Snowden's experience would expose himself to such an accusation. The barrister also questions why it took two years for Mr Branson to go public with the claim.

GTEch said yesterday: "GTEch are pleased that the Rafferty report has been published and we welcome its conclusions. We are unable to comment further due to the impending legal case."

Mr Davis will be taking no further action as a result of the report.

A statement from his office said that Mr Davis, "will continue to exercise his duties in determining whether the members of the Camelot consortium are 'fit and proper' for their roles in running the National Lottery".



Lightning strike: Norwich Cathedral is lit up by a storm on Tuesday evening. In Co Durham a farm worker was killed when lightning struck a gold chain around his neck. Paul Maroney, 20, was baling hay near West Auckland when the bolt hit him, leaving a scorch mark next to the chain he was wearing. Photograph: Jason Dawson



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# Defence cuts lead to loss of skills, say MPs

CHRISTOPHER BELLAMY  
Defence Correspondent

MPs yesterday refused to back the Government's Defence 1996 White Paper unless ministers state categorically that there will be no further defence cuts. The committee warned that the forces were overstretched and would be "hard pressed" to undertake any further commitments, let alone a Falklands War-type emergency. They also accused the Government of complacency over continuing undermanning in the Army.

The Commons will vote on the annual defence White Paper as soon as Parliament returns from recess in the autumn. Three large defence equipment orders, worth £4bn, which had been expected before the recess today, have been delayed as the Ministry of Defence argues the case for them with the Treasury.

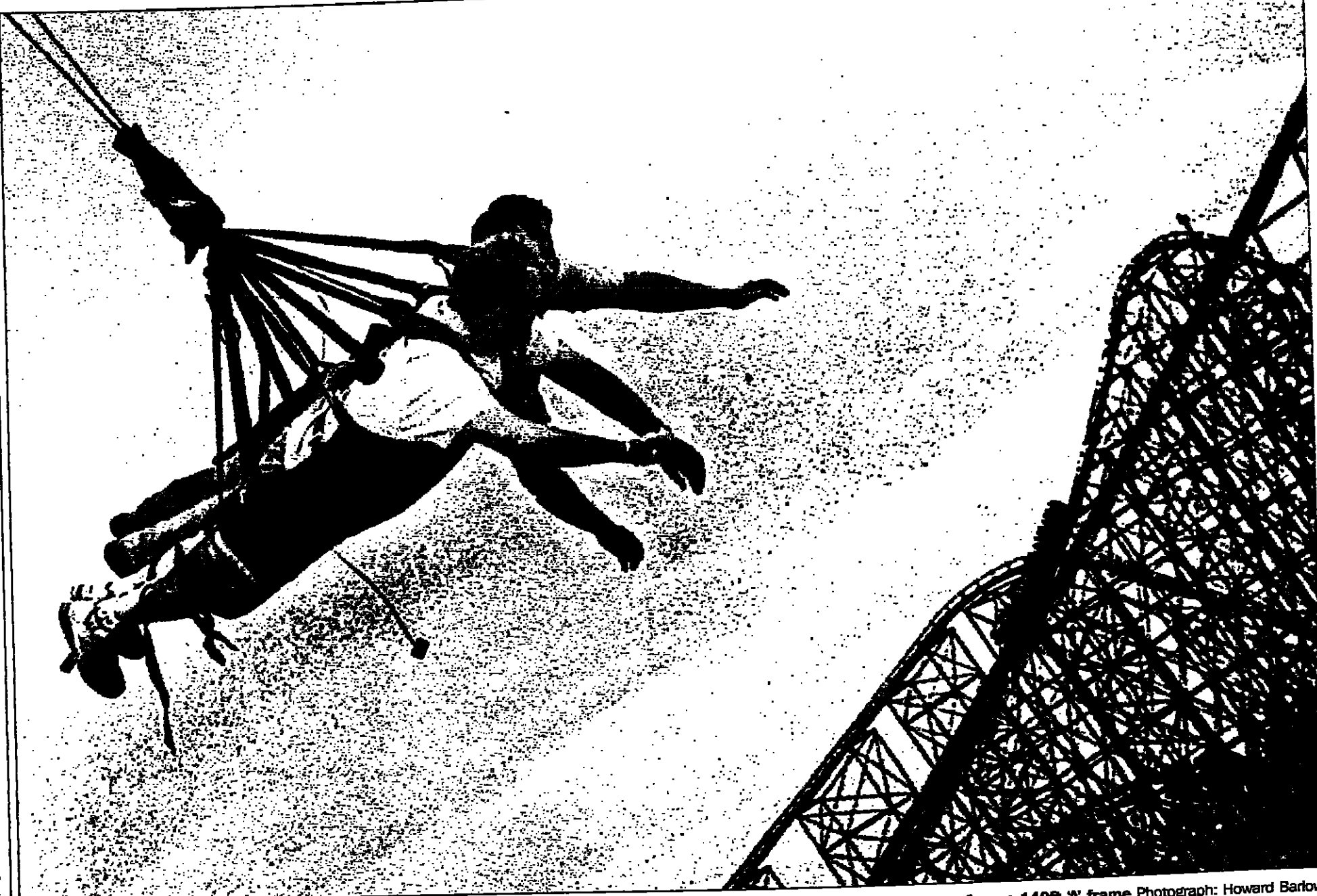
The report on the 1996 statement on the defence estimates by the all-party Commons Defence Committee said they would not recommend the statement to the House "unless ministers make clear in the debate that this year's statement will not again be undermined by further defence cuts in the 1996 budget or by any other means".

The Army, 120,000 strong, now has 18,500 troops serving in Ireland and 11,000 in Bosnia. Most of them are on six-month

tours, so nearly half the Army will see active service in one of those theatres in the course of a year. Committee members warned yesterday that repeated breaches of the rule that units should have a two-year interval between active tours was damaging training. Too much time on peace-keeping duties in Bosnia was leading to a "skills fade" when it came to training for full-scale war. The MPs concluded: "Either Bosnia is too big a commitment for the Army, or the Army is not big enough for the tasks it is being given".

The committee said there was government "complacency" over the shortfall in army recruiting and the loss of trained soldiers from the Army. They expressed approval at paying off the Royal Yacht *Britannia*, which is manned by the Navy and has a nominal role as a hospital ship, "will relieve the defence budget of a significant burden". However, they recommended that the Navy should continue to man a replacement vessel, to be built in a British shipyard by 2000.

Dr David Clark, Labour's defence spokesman, said: "The Government's defence policy lies in tatters. The Treasury is now running Britain's defence policy. Michael Portillo has failed to stand up for Britain's defence interests and the result is continued decline and overstretch."



High flyers: Holidaymakers trying out the latest craze at Blackpool's South Pier - skycoasting, in which participants are swung from a 140ft 'W' frame Photograph: Howard Barlow

Members to lose investment as 'lottery' banned

## Court outlaws 'evil' pyramid selling scheme

KATE WATSON-SMYTH

A "pyramid-style" selling scheme, which involves no product, was yesterday ruled illegal by the Court of Appeal. But lawyers for the Titan Business Club, which has thousands of members, including show-business celebrities, said they would take their fight to the House of Lords and ultimately to the European Court.

Lord Woolf, Master of the Rolls, said all such operations broke the law when "they involve those who set up, promote, purvey and administer the scheme in criminal offences". Describing the scheme as "pernicious" and "evil", he

added: "I hope this will deter those who may be tempted to create clones of Titan."

The court heard how new club members, having paid £3,000 to become "junior partners" in the scheme, would make £450 from each of the first two members they introduced, £1,220 from each subsequent introduction and further amounts of £770, depending on the success of members of their particular "family tree" in introducing new members.

In theory, considerable sums could be generated as the membership grew, but there was "only a chance" of this, and the scheme was essentially a lottery, said the judge.

Yesterday's ruling will come as a blow to thousands of members, who, having paid to join, are now unable to recruit others, recoup their investment and begin to make a profit.

One member at court said: "Obviously we are extremely disappointed." He and others are pinning hopes on a scheme launched to replace Titan, which they hope will not be affected by yesterday's ruling.

The scheme is being restructured by Patrick Minford, one of the Treasury's "six wise men", who said after a hearing in June that he thought the "snowball plan" run by Titan could be run on a sustainable basis.

Charles Buckley, a lawyer for SHV Senator of Hamburg, which runs Titan, said: "My reaction to this ruling is one of anger and disappointment at the unwarranted interference by the judiciary and the Government into the way in which citizens spend their money in what is a form of mutual society."

"This ruling is contrary to Article 59 of the European Convention, which supports the freedom of movement of services and capital and is also contrary to the ruling of the highest court in Germany, the Bavarian Supreme Court, which has held that this scheme is not a lottery."

The ruling was a victory for Ian Lang, the President of the Board of Trade, who said the scheme was an unlawful lottery which was bound to fail. A Department of Trade and Industry (DTI) official said it was "chuffed to bits" by the decision.

Titan had appealed against the ruling in June by the Vice-Chancellor, Sir Richard Scott, who ordered that no more "revalist-style" recruitment meetings should be held to promote the club, which has 10,000 members, pending a DTI application for it to be wound up and finally put out of business.

### DAILY POEM

The Sound of Things

By Jamie McKendrick

*We wouldn't have come so close if we'd known what it was - a barrel-shaped hide washed up on the Mersey shore and left to rot in peace if peace is to be had from the tide's corrosive agents, ageless rhythm. Then we saw the tarnished bones, the long jaw jutting out from all the foul jetsam...*

*just a dead dog lobbed from the posh promenade, the pampered butt of peremptory commands in one of those wide-windowed residences*

*Or did the dog guard the adjacent docks, his ear adjusted to foghorn and crane, his bark answering the watchman's known tread: employed among the absent and the sacked, sensing that hush, the slow decline of trade.*

Jamie McKendrick was born in Liverpool in 1955. Along with Elaine Feinstein, Adrian Henri, Grevel Lindop, Deryn Rees-Jones, Peter Robinson and Matt Simpson, he appears in *Liverpool Accents: Seven Poets and a City*, edited by P. Robinson and published by Liverpool University Press. "Having left Liverpool aged 17 hardly six months pass when I haven't dreamt about the Mersey," he writes, "not always in such an apocalyptic light, but always strangely urgent and leaving an indelible tidemark on me. At one level, I suppose dreams are a substitute for being there."

## Strike vote on violent boy, 10

JUDITH JUDD  
Education Editor

Teachers at a Nottinghamshire primary school are being balloted on strike action next term, over a violent and disruptive 10-year-old boy.

The National Association of Schoolmasters/Union of Women Teachers is balloting staff at Manton Junior School, Worksop, after the boy arrived at school wielding a baseball bat.

The headteacher twice excluded the boy from school, but both times the governors

agreed to his reinstatement. The union says his first exclusion, in June, came at the end of a year's disruptive behaviour, including threats and violence to teachers and fellow pupils.

Before the date he was due to return, he turned up at the school gates during break swinging a baseball bat.

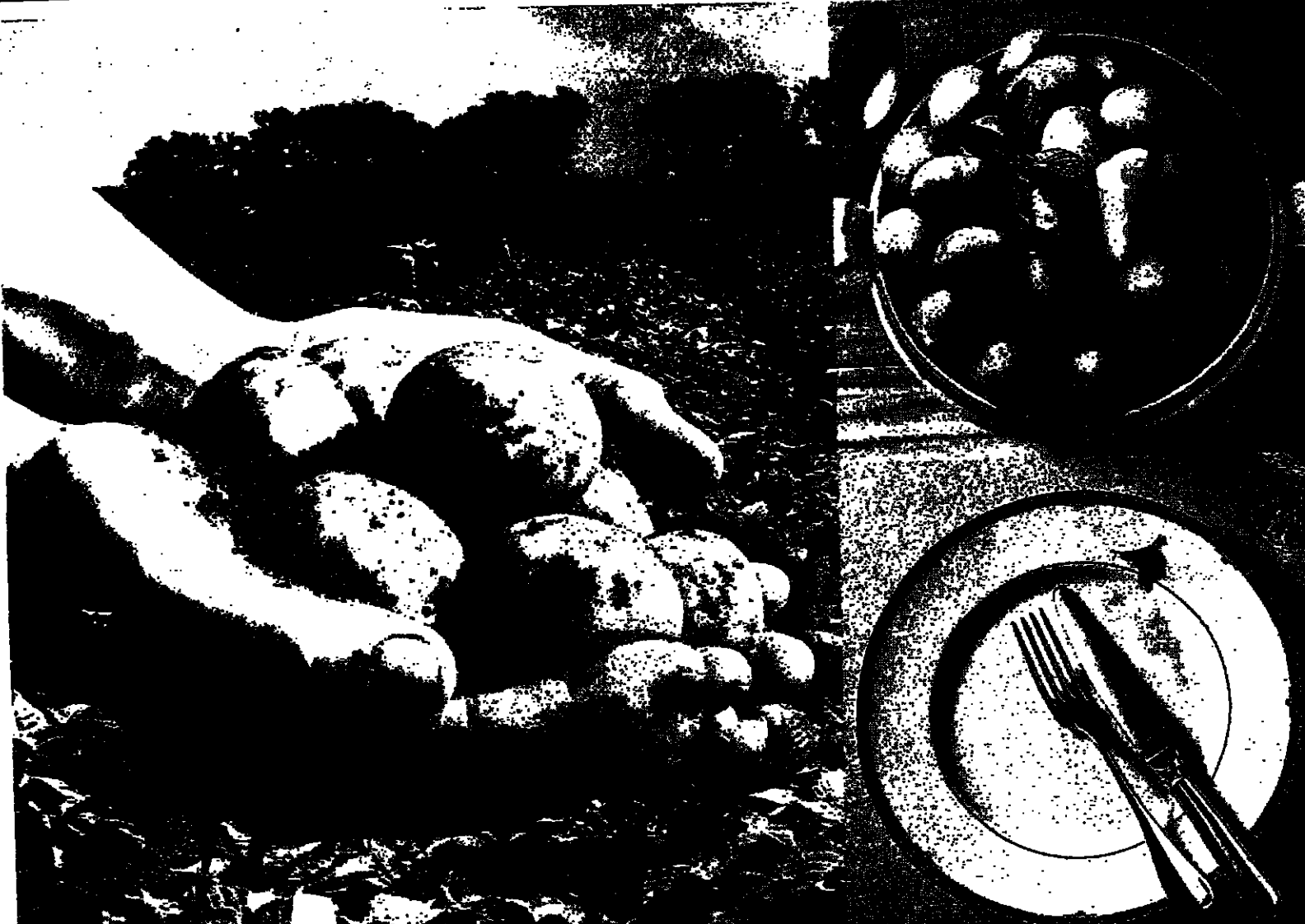
On 17 July, he was again excluded for violent and disruptive behaviour but the governors agreed to reinstate him after an appeal from his parents.

The NAS/UTW has recently threatened to strike in two

similar cases, in Nottingham and in Hebburn, South Tyneside.

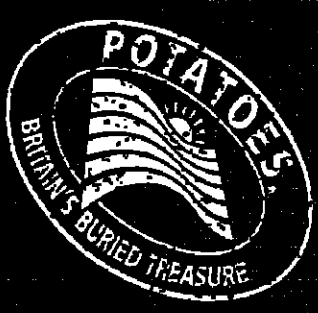
The Government is reviewing the system of appeals against exclusions, in which parents can ask first governors and then an independent panel to overturn headteachers' decisions.

Nigel de Gruchy, general secretary of the NAS/UTW, said: "If strike action is the only way good order and safety can be maintained, then so be it. However, if so, it must be an appalling indictment of today's society."



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July 25 1996



# Portrait of the artist in earring as a £10,000 prize winner

Award judges hail the renaissance of art form many thought dead

MARIANNE MACDONALD  
Arts Correspondent

An angular and morose self-portrait yesterday won a 25-year-old the BP Portrait Award. *Self Portrait* by James Hague, from Derbyshire, shows the artist wearing an earring, his long and chalky face jutting from the canvas. It is as laconic in style as Hague himself, who said beforehand that he would be "quite pleased" to win the prize, worth £10,000.

The award was set up in 1980 to encourage young artists to develop the art of portraiture at a time when it was perceived as unfashionable.

Now, according to Robin Gibson, chief curator of the National Portrait Gallery, it is on the rise again. "Portrait painting is alive and kicking whether people like it or not," he said. "Every day I read in the papers



Alive and kicking: Portraiture today as represented by the award-winning paintings, *Self Portrait*, left, *Family*, which echoes Holbein's *The Ambassadors* in the National Gallery (far right) and *Il papa*

things on its death, but it goes on."

The award itself – and the exhibition of the 63 best entries for it – are proof. This year 772 artists entered portraits. Last year 140,000 people came to the exhibition, almost double the year before.

The National Portrait Gallery is inundated with requests from people trying to find portrait painters for themselves or their businesses.

Christopher Le Brun, one of the BP judges and an artist himself, said the entries this year were "very strong."

"There was a time when portraits might have seemed rather humdrum," he said. "A lot of artists were trapped into portraiture in the 18th and 19th centuries as a way of making a living. You can see that in Reynolds and Gainsborough at certain times in their careers. That's not true now-

days. The work entered for this award is made with an imaginative purpose."

The £4,000 second prize was awarded to Peter Andersen, 38, who is self-taught, for *Family*, a portrait of his cousin and his partner and child.

The painting's format was quite classical, Mr Andersen said. "It echoes Holbein's painting of two geese standing with objects placed around them relating to their lives

[*The Ambassadors*]. "I haven't lifted it straight from Holbein, but I've also placed objects which are important to these people around them in a slightly surreal way."

The third prize of £2,000 went to Mark McPadden, 23, for *Il papa*, while Martyn Baldwin, Frances Borden, Mark Gilbert, Tom Hallifax and David Hosie were commended.

Mr Gibson said that portrait painting had oscillated in and

out of fashion throughout history. It came into its own in the Renaissance, when artists turned their energies from the divine to the human.

With the modernist revolution and the influence of artists like Picasso early this century, portrait painting became marginalised.

"Then, after the horrors of two world wars, artists began to look at people again and the human situation," Mr Gibson said. "Human beings again

became acceptable subjects." Not always in the view of their sitters, of course. Winston Churchill famously loathed Graham Sutherland's portrait of him commissioned by the House of Parliament. After his death it emerged that it had been burnt by his wife.

More recently, a portrait of the Princess of Wales last year by Henry Mee was widely criticised as unflattering. Some observed that it made her

look like the Queen Mother.

Honor Clerk, the National Portrait Gallery's curator of the 20th century, said that the great British painters of this century – Lucien Freud, Francis Bacon, David Hockney – had influenced contemporary portraiture. "If you have three people of such international renown doing portraiture it gives the whole genre a seriousness that people want to emulate," she said.

## The Queen broadcasts her revenge on the BBC

MARIANNE MACDONALD  
Media Correspondent

The Queen's Christmas broadcast, one of the oldest traditions in British broadcasting, will no longer be the sole preserve of the BBC, under arrangements announced by Buckingham Palace yesterday.

In an apparent slap in the face for the notorious *Panorama* interview with the Princess of Wales last November, the Palace has decided to hand the filming of the broadcast to ITV for two years from Christmas 1997. The BBC and ITV will then alternate every two years.



George V. 'Wireless' talk

Asked if the decision was taken because of the *Panorama* interview – in which the Princess of Wales admitted to adultery, and also observed that the presence of Camilla Parker Bowles had made her marriage rather "crowded" – a spokesman said: "No."

"We were considering a change to the current arrangements in early 1995, which was before the *Panorama* programme was broadcast."

But he admitted that work had already begun on this year's broadcast, expected to be watched by some 14 million people, which was why it would remain in the hands of the BBC. Arrangements for the Queen's broadcast would be "periodically reviewed". ITV had not put pressure on the Palace for the change.

"The arrangements reflect the composition of the television and radio industries today," the spokesman said.

The Palace confirmed that the 1996 Christmas broadcast would be handled by Philip Gilbert, BBC TV's head of events programmes, producer of

the broadcasts since 1991.

In practical terms, viewers are unlikely to be aware of the change when ITV takes over: the programme has always been shown on all four channels and the BBC will continue to screen it at 5pm. But the costs of making it will in future be shared between BBC and ITV.

The only difference will occur if ITV change the old-fashioned style of the programme, which is usually pre-recorded at Sandringham where the Royal Family spend Christmas.

The Palace spokesman said that the Royal Family was "always looking at ways of increasing the relevance of the broadcast and its presentation."

"No doubt the ITV network and ITN in particular, who will act as producers of the broadcasts, have their own ideas to submit to the Palace."

ITV hailed the decision as a coup. Its network director, Marcus Plantin, said: "I am delighted that ITV has been given the opportunity to participate in this annual broadcast, which is so much part of the Christmas tradition in Britain and the Commonwealth."

A BBC spokeswoman said: "In the contemporary broadcasting environment, it makes sense for the leading public service broadcasters to share the responsibility and costs of broadcasts of this kind."

The first Christmas Day broadcast was made in 1932 when King George V spoke on the "wireless" to the Empire from Sandringham, using the now famous words: "I speak now from my home and from my heart to you all."

It was the start of what became, to millions throughout what is now the Commonwealth, a traditional and integral part of the Christmas celebrations.

Like her father and grandfather, the Queen broadcast her early radio messages "live", and in 1957 did so for television as well. But since 1960 the broadcasts have been pre-recorded – often incorporating material specially recorded during the year – to allow the film (now videotape) to be sent in advance to Commonwealth countries.

It was in 1992 that she uncharacteristically used her 10-minute broadcast to denounce her "annus horribilis". The confessional tone, widely derided, is today viewed by Palace officials as having been a mistake.

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Sitting tight: Private funding was needed for the statue of Dylan Thomas at Swansea marina. Photograph: Martin Elard

## LOUISE JURY

Benjamin Britten should take heart. Aldeburgh council may not want to see a statue to the great man in the Suffolk town but he is only the last in a long line of the great, good and gifted who are acknowledged by all except the communities in which they lived and worked.

Aldeburgh's snubbing of the man who put the town on the map – as reported in yesterday's *Independent* – follows a familiar pattern. Dylan Thomas, DH Lawrence, even the comedian Tony Hancock, have all proved less than popular with locals than with the nation at large – although the chances of eventual acknowledgement appear to increase with the passage of time.

A list of English Heritage statues with listed status bears testimony to that. Oliver Cromwell gained recognition in bronze only in 1875 in Brooklands, Greater Manchester. John Wesley, the Methodist preacher, had to wait until 1932 in Bristol. "Perhaps your worth increases the longer you've not

## Why we are so slow to honour local heroes

been around," an English Heritage spokeswoman said.

Certainly memories of the departed can hinder early recognition. Many in Swansea, for example, regarded its most famous son, Dylan Thomas, with distaste and suspicion because of his drinking and womanising.

Thus for many years the only tributes to the poet were funded by private enterprise and outside initiatives. The first, a stone memorial in Cwmdonkin Park funded by the US record company that first marketed his poetry readings, came only 10 years after his death. Even a statue in the city's new marina required private subsidy.

In Birmingham, three-quarters of people questioned objected to having a statue of comedian Tony Hancock in the city centre. And Grantham, Lincolnshire, currently has no statue of Baroness Thatcher.

"We have an unwritten policy where we don't have statues to people until they die," a council spokesman said.

The British do not have the monopoly on such churlishness. The head of the Grandet Museum in Aix-en-Provence, France, refused to have any paintings by the town's famous son, Cézanne. Only after both their deaths did it acquire its first.

Even when a tribute is

agreed, the form may prove explosive. Kirklees metropolitan council sparked protests this year over proposals to place a statue of Lord Wilson, the former Labour prime minister, in a multi-storey car park on a bridge over the M62 motorway.

All were dismissed in favour of a central square, although the scheme has yet to be funded. The problem of funding was the key factor in Aldeburgh council's decision not to honour Britten.

Maurice Blik, president of the Royal Society of British Sculptors, said public sculptures in the form of memorials were a significant part of British cultural life and failing to support them could prove short-sighted.

"Statues are icons which somehow encapsulate an attitude or belief about that society at the time," he said. "Economic considerations obviously come into it. But in some developments, the cost of a sculpture is often a tiny percentage of the whole cost. A very small investment in works of art can make the difference. It's like a bowl of flowers on a table."

## Barrie Clement on the animosity hindering strike negotiations

# A pot of tea between the Tube's Ann Burfutt and her adversaries would be a frosty affair indeed

A battle of politics and personalities forms an intriguing backdrop to the London tube strike which will today cause transport chaos once more in the capital.

At one extreme of the painfully drawn-out negotiations is a union team which bears the influence of Arthur Scargill's Socialist Labour Party, while at the other is an "abrasive" London Underground team. A shared pot of tea between Ann Burfutt, the 42-year-old director of human resources and her union adversaries would be a frosty affair indeed.

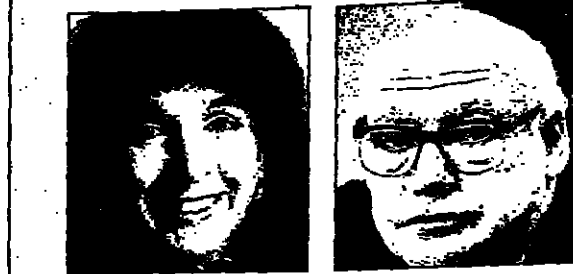
There is a genuine argument at the centre of the tube conflict over the meaning of a deal to end last year's unrest which provided for a one-hour reduction in the working week. The unions believe that productivity improvements over the last 12 months should trigger the shorter working week, but management argues that the wording involves a commitment to fresh efficiency measures.

Relations between Ms Burfutt and representatives of the two unions involved – Aslef and RMT – have, however, contributed to the unrest.

The social permafrost and the consequent problem of communication helps to explain three successive years of disruption. It also helps to explain the present standoff which has resulted in today's 24-hour strike and is expected to lead to another next Monday. Six more strike days are planned unless there can be a meeting of minds.

Part of the difficulty is political. Six of the 13 members of the "general grades" executive, which covers the rail industry at the RMT, are members of Arthur Scargill's hard left Socialist Labour Party. Bob Crow,

### History of a damaging dispute



Adversaries: Ann Burfutt and Jimmy Knapp

The central issue in the dispute between unions and management at London Underground is the interpretation of a deal which resulted in industrial action last year.

The unions believe that productivity improvements over the last 12 months should trigger a one-hour reduction in the working week.

Management argues that the wording of the agreement requires a commitment to fresh efficiency measures. The unions want

to continue talks at conciliation service Acas, but London Underground has called for a suspension of the action pending binding arbitration – a course of action supported by the Labour Party.

Apart from today's 24-hour strike and another scheduled for Monday, six further strike days are planned for: Wednesday, 7 August; Tuesday, 13 August; Friday, 23 August; Tuesday, 27 August; Thursday, 8 September; and Monday, 9 September.

secretary of Aslef and a leftist member of the Labour Party, there have been occasions when his professional irritation has finally spilled over into blind rage.

Last year, at another time of industrial unrest on the tube system, Ms Burfutt insisted on taking Aslef to the High Court. In a late-night hearing a judge declared the union's strike ballot unlawful on what Mr Adams saw as a technicality. One who was present said: "Lew went ballistic. If Ann Burfutt had been a man, Lew would have hit him."

On Tuesday, Mr Adams characterised management as "sick and incompetent", while London Underground accused him

of "thumping through the playground book of insults".

It is clear that Ms Burfutt, a former personnel manager at Islington Council who joined London Transport in 1993, is ill-at-ease with the union negotiators. After one recent session she remarked that she had been "faced by seven angry men". Thus a significant part of the communication problem may well be her gender and the "maleness" of the union officials. Unlike her predecessors, she cannot retire to the pub after a prolonged and explosive meeting for a bout of male-bonding over a pint.

Union officials are baffled by her style. "She is either the most subtle, far-sighted negotiator or the most inept," said one RMT man. There is no doubting her toughness, indeed "abrasiveness", according to some.

Management sources however argue that the politics of the RMT does not help – "some of them are on another planet" – and neither does the unions' dinosaur negotiating style.

"They are difficult people to negotiate with. Ann prides herself on her honesty. When she says it is the final offer, she means it."

However, there is an *émancipée* grise on management's side. Ms Burfutt will sometimes make it clear to unions that while she might well go along with a particular suggestion, her board would not. Chairing that board is Peter Ford, who joined London Transport from P&O where he was among the "hawks" who insisted that the then National Union of Seamen, now part of the RMT, should be derecognised. Mr Ford is not over-fond of unions, and his organisation is facing some union negotiators who want to smash capitalism. Not a formula for industrial peace.

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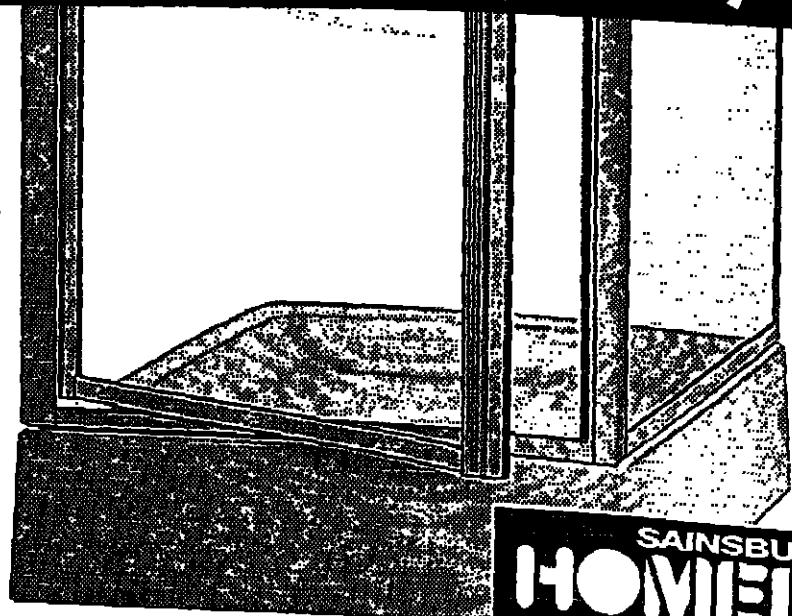
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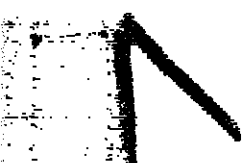
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# Burundi in chaos after leader flees

Bujumbura — Burundi is in crisis following the collapse of the government here in the capital yesterday. There are fears that this small central African nation, which has been teetering on the brink of civil war, could now succumb to chaos and anarchy.

Burundi has the same mix of majority Hutus and minority Tutsis as neighbouring Rwanda which was consumed by genocide and war two years ago.

"It would appear that a coup d'état is unfolding here," said one high-ranking Western official who declined to be identified. "The Convention of Government has been dissolved and there is in fact no government in Burundi."

In a dramatic development, it was revealed yesterday that President Sylvestre Ntibantunganya had taken refuge in the residence of the United States ambassador in Bujumbura. He fled there the night before last in fear of his life. The Hutu President was almost lynched on Tuesday by an angry Tutsi mob

As fears of civil war rise, the Hutu President has taken refuge in the US Embassy, reports David Orr

at the funeral of 350 Tutsis massacred by Hutu extremists in the central region last weekend.

It is feared that extremist elements in the largely Tutsi military will attempt to take power by force. The army contains influential officers who were involved in a coup attempt involving the assassination of the first elected Hutu president in 1993. More than 50,000 members of both ethnic communities died in the fighting which followed.

The military has been engaged in an increasingly desperate effort to suppress an insurgency by Hutu rebels who have mounted a series of brutal attacks on Tutsi settlements in recent weeks.

The massacre at Bugendana in central Burundi last weekend, in which 350 Tutsis were

butchered, marked a horrific escalation of the conflict. Hundreds of people are being killed every month.

"The President is here with his wife," confirmed an embassy spokesperson at the ambassador's residence. "It's intended to be a temporary situation".

The fall of the government was brought about by the announcement of the largely Tutsi Uprona party that it had withdrawn from the National Convention of Government, whereby it shares power with the largely Hutu Frodebu party. Uprona has called for the resignation of the Hutu President.

"The President's safety is being secured by the United States," Mr Ntibantunganya's chief of staff told the *Independent* yesterday. "The President



Protection racket: Armed bodyguards on Tuesday help usher Burundi's Hutu President, Sylvestre Ntibantunganya (wearing spectacles), from an angry crowd mourning the 350 Tutsis massacred at the weekend. Some of the dead were buried yesterday (below) Photographs: Reuters/AFP

wants to ensure he's not going to die just like that. If such a tragedy were to happen, it would be very difficult to control the situation."

The presidential aide, Mames Bansubiyeko, conceded it was now uncertain whether the President could stay in office. But he added that his departure could lead to chaos. "He doesn't want to leave" said Mr Bansubiyeko. "As long as he remains alive he'll do as much as he can to calm the situation. However there is a real danger of a coup. The President is in contact with the Minister of Defence to see how this crisis can be solved. A coup would change matters radically."

The President has consistently told Western diplomats that he wants to hold on to office if at all possible. He fears his resignation or overthrow could lead to increased unrest.

The capital was last night calm and there was no evidence on the streets of a military take-over, despite the presence of Burundian paratroopers guarding the television station.

The fragile coalition of Frodebu and Uprona parties has looked more shaky than

ever as the Tutsi Prime Minister, Antoine Nduwayo, has come under increasing pressure from Tutsi hardliners to stand down.

Both the Prime Minister and

**'It would appear that a coup d'état is unfolding here. There is no government'**

the President are seen as being weak and ineffectual. They have repeatedly shown themselves as incapable of resolving Burundi's political impasse and of bringing peace to the stricken nation.

Western diplomats in the capital have been expressing fears of a military coup before the end of the week. Other observers have been predicting the imminent resignation of the Prime Minister.

"The Prime Minister has not announced his resignation,"

Mr Nduwayo's chief of protocol told the *Independent* yesterday.

"Just because Uprona has rejected the Convention of Government, doesn't mean it is completely out of the government, the situation is very confused. Anything is now possible."

Under the National Convention of Government power-sharing agreement, Frodebu cannot exist in government on its own.

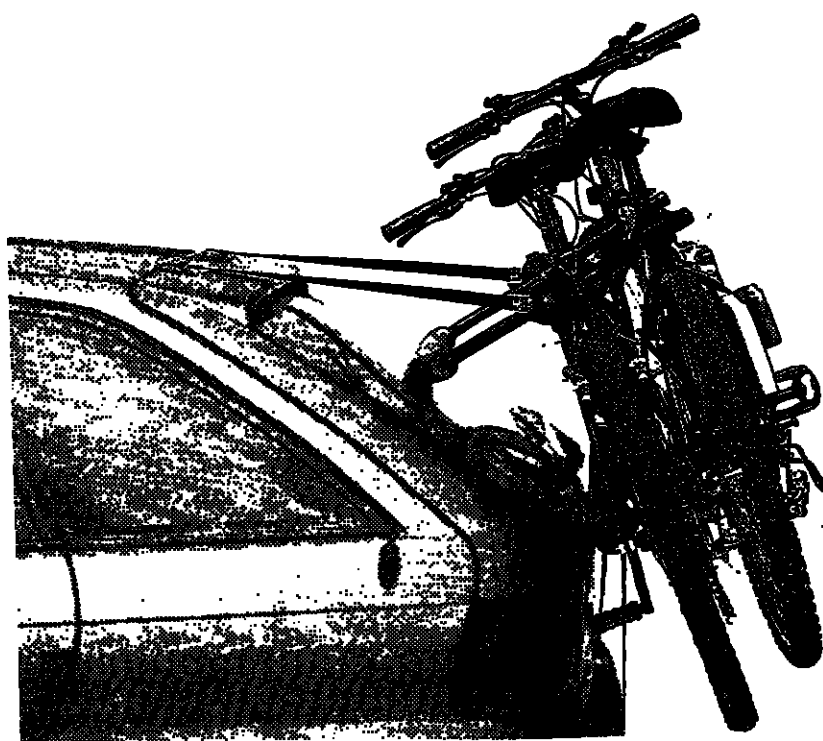
"It will be necessary to register another Convention of Government," said the President's chief of staff. "Or maybe someone else will take control."

With tension high in the capital, Burundians are anxiously waiting to see what elements might fill the power vacuum which has developed. The fear is that political hardliners of both main parties will move centre stage, pushing out those moderates who might be willing to form a new government.

"It's not known what the President will do now," said one Burundian observer. "We're in a country where no one knows what's happening. It's a catastrophe."



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## Hopes dashed over TWA crash victims

JOHN CARLIN  
Washington

Relatives of the victims aboard TWA flight 800, unimpressed by the riot of speculation concerning the cause of the crash, are being driven to despair by the slow pace of the recovery of the bodies and, worse, by the false hopes generated by seemingly irresponsible officials.

George Pataki, the governor of New York, suggested on Tuesday that 100 bodies might be recovered in the next few days. But he was roundly contradicted by Robert Francis, vice-chairman of the National Transportation Safety Board, who said: "There are no bodies that we have discovered that have not been recovered."

By yesterday, a week after the Boeing 747 exploded in mid-air, 111 bodies had been recovered from the Atlantic ocean and 119 still remained unaccounted for. This despite the fact that Mr Francis and other officials heading the investigation into the disaster have insisted that their main priority is to find all the missing bodies.

"It's been a roller-coaster," said Frank Ortiz, who lost a niece in the crash. "This morning they

said they found so many bodies and then we come here and they say they found only six bodies."

Dottie Brier, a counsellor helping the bereaved families, said: "That kind of confusion is very, very bad for people ... Their hopes went up and came down."

Many of the relatives of the dead have been gathered since last week at a hotel near John F Kennedy airport in New York. Yesterday a group of 20 French relatives gave a press conference outside the hotel to complain about the slowness of the search for bodies. They wept, they shouted, the incoherence of their rage compounded by their difficulties speaking English.

"They say we find a lot of bodies and it is not true, they are not finding bodies," said Michel Oliver. "It's a politics thing, it's a politics story. I want my brother. I don't want politics. Everything is like this, every day, every day, every day..."

Mr Oliver appeared to be blaming Governor Pataki, who has been a fixture on national television since the crash on 17 July, for playing to the gallery. He might have been more appalled had he been keeping an eye on events in Washington

where already, this being an election year, the Republican Party is seeking to score political points off the tragedy.

"President Clinton has not provided leadership on this issue. He has almost dropped off the scene," said Larry Presler, a Republican senator. What was more, the senator complained, the President had failed to act on known terrorist threats to upgrade security in American airports.

The senator, in common with many Americans, was jumping the gun. No evidence has yet been turned up to indicate the aircraft was blown up by terrorists. Whether any such evidence will ever turn up remains an open question. More than 98 per cent of the aircraft's wreckage is still on the ocean floor and as every day passes the possibility recedes of forensic investigators discovering the chemical residues which might help indicate whether a bomb, or indeed a missile, destroyed the 747.

Yesterday the number of divers on the scene doubled to 120 and navy vessels arrived equipped with sophisticated sonar detection devices and robot-operated underwater video cameras.

## US set to slash export of arms in Senate vote

CHRISTOPHER BELLAMY  
Defence Correspondent

The United States Senate was last night due to vote on imposing a Code of Conduct banning arms exports to dictatorial and aggressive regimes, similar to that proposed for the European Union. The US and the EU — which between them account for the vast majority of world arms exports — are now on course, for the first time, to restrain 80 per cent of the world arms trade.

But if the code is passed by the Senate, it will become binding — placing the US ahead of the EU which, although it has guidelines, has no legislation.

On 16 July a group of European Parliament members, led by Glynis Kinnock, wrote to Senator Mark Hatfield, a Republican and the main sponsor of the code of conduct, stressing the need for the US and the EU to impose similar controls.

The proposed US code precludes arms exports to countries which are undemocratic, do not respect human rights, are engaged in armed aggression, and do not participate fully

in the new United Nations register of conventional arms.

"Irresponsible arms exports boomerang back on the US," said Senator Hatfield. "In the last four US foreign engagements — Iraq, Somalia, Panama and Haiti — American troops have faced weapons supplied by American manufacturers."

Although EU member states agreed in 1991 and 1992 the eight criteria which should govern arms exports, there is as yet no common European arms export policy. The Euro-MPs want a "coherent and comprehensive arms export policy" agreed and incorporated in the EU's statutes at the Inter-Governmental Conference.

The proposed US code puts the burden of proof on the recipient country. The EU guidelines place the burden of proof differently, and countries interpret the EU guidelines in different ways. For example, the UK and Germany export arms to Indonesia — including Hawk jets reportedly used against rebels in East Timor. Italy and Portugal do not, because of Jakarta's poor human rights record.

## China's new dictionary finds a place for the electric brain

STEPHEN VINES  
Hong Kong

It's official: religion is no longer an anaesthetic applied by the ruling class to control the masses. Now it is considered to be merely a "social phenomenon which disarms the people's fighting spirit".

This revision is among 9,000 word changes and definitions to be included in a newly revised version of China's official *Modern Chinese Dictionary*.

The original version was commissioned in 1956 during the 100 Flowers ("Let 100 flowers bloom") campaign, in which Chairman Mao Tse-tung called on intellectuals to criticise the Communist Party as a means of reinforcing its revolutionary

spirit. However, it did not appear until the end of the murderous Cultural Revolution in 1978.

The dictionary's editors were instructed to cut out some of the old revolutionary phraseology so beloved of Chairman Mao's wife, Jiang Qing, who insisted that it form the core of everyday speech during the Cultural Revolution.

However, phrases such as "class struggle" and "the masses" have survived into the new era, in which, as the supreme leader, Deng Xiaoping, put it, "to get rich is glorious".

Minor revisions have been made in the past two decades, but these latest changes take things much further.

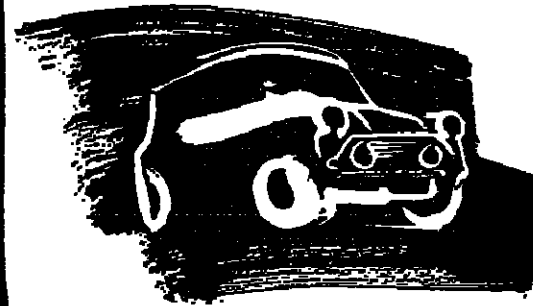
Not all of the changes are ide-

ological: new arrivals include the fax machine ("reality transfer machine"). Computers make an appearance as "electric brains" and Internet is "the electric brain network".

The credit card also makes an appearance as "trust card", a term not usually employed among card issuers, as well as crucial additions such as "MTV". The last version of the dictionary sold 25 million copies and was reprinted 180 times. There is no reason to suppose the new version will be any less successful.

The dictionary's editor, Han Jingli, says that work has already begun on the next edition. Just in time, perhaps, for financial buzz-words such as derivatives, options and leveraging.

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Metro bomb: A year after blast 200 languish in French jails while no-one has been charged

## Forgotten victims of terror

MARY DEJEVSKY,  
Paris

At 4.30pm today, as the evening rush hour gathers pace, the great bell of Notre Dame will toll in memory of the eight people killed a year ago when a bomb exploded at the nearby Saint-Michel metro station. Survivors, as well as friends and relatives of the dead, will lay wreaths at the spot and remember the victims of an attack that opened a two-month urban bombing campaign, thought to be run by the hardline Algerian Islamic group, GIA, which set all France on edge.

One year on, most of the consequences of last year's bombs are now hidden. The suffering of the injured and bereaved is concealed behind the high walls of French family privacy. Others, however – for whom there is scant sympathy in France – languish almost forgotten in French prisons, remanded in custody in an investigation that is still far from complete.

While several key individuals are described as "wanted", and Khaled Kelkal – the 24-year-old French-educated Algerian who carelessly left his fingerprints on a bomb near Lyon is dead, shot by French police last September – no person has yet been charged with the Saint-Michel bomb. Only one person apprehended in France is named as possibly playing a large role in the campaign. He is Boualem Bensaid, a 28-year-old Algerian arrested by police it appears almost by chance.

The lack of arrests and charges, however, is not for want of trying. Throughout last August and September, not a week went by without the police recording the number of people they had stopped, searched, and sometimes detained. The numbers ran into thousands.

There are now about 200 people in prison, on remand, in connection with last summer's bombs. They are held in various prisons, on the orders of different regional courts, in connection with offences, organisations or networks that may or may not finally come together in one central investigation.

The anti-terrorist section of the judiciary in Paris keeps a watching brief, but suspects can be kept in custody indefinitely only if their freedom is thought by a judge likely to



Blood on the streets: Rescue workers in Paris last year treating victims of the explosion which ripped through a Metro train and launched a two-month bombing campaign thought to be the work of the Armed Islamic Group, GIA. Investigations have not found the perpetrators

jeopardise the investigation. In general, arrangements for the defence of those under investigation are said to be a *débacle*, with lawyers unable to gain access to documents they need and even lay their hands on details of chargespending.

In particular, Bensaid is said to have been without defending counsel since the time of his arrest, having refused the lawyer allocated to him and having had his own nominee rejected in turn by the investigating judge.

In this, Rachid Ramda, an Algerian who was originally granted political asylum in London and who is now appealing against extradition to France, may count himself relatively

fortunate. He is suspected by the French authorities of "controlling" the GIA cells in France. He is being defended, however, by Gareth Peirce, the civil rights lawyer who appealed for the Guildford Four.

Though sealed down, the state of alert, *Vigilance*, which brought troops on to the Parisian streets and authorised random stopping and searching, is still in force in the capital – most often now affecting young men of North African appearance. Dawn police raids on housing estates also continue, if sporadically.

Originally, the investigation focused on Paris and Lyon, but was later extended to Lille.

Raids on housing estates were reported to have turned up quantities of arms, ammunition and Islamic fundamentalist literature. The majority of those detained come from these estates, not counting Kelkal's two associates who were picked up in the Beaujolais hills.

For the authorities, anti-terrorism priorities have been re-ordered. At yesterday's Cabinet meeting, the prime minister, Alain Juppé listed only two concerns: law and order on Corsica, and helping Spain to combat the Basque separatist organisation, ETA. He said not a word about the all-consuming threat of last summer, presumed to come from the GIA.

assisted by Islamic fundamentalist sympathisers in France.

The pursuit of Abdelkarim Deneche, the Algerian resident in Sweden whose extradition was urgently requested by the French prosecutor, is now tacitly acknowledged to have been a mistake – but, nonetheless, it has failed to prompt questions. Deneche, who lost his permanent residency in Sweden after the French investigation, revealed the extent of his political activities in emigration, and only narrowly avoided deportation back to Algeria.

The quiet consensus in France now is that Deneche's arrest was a case of mistaken identity. He is said to resemble

a certain Ait Touchent, a former deputy coordinator of the GIA, now believed to be the brains and missing link in the Saint-Michel case. Deneche's problems arose after an off-duty *gendarme* "identified" him as having been in the Saint-Michel metro station shortly before the bomb went off.

The debate about Kelkal's killing – whether he was or was not threatening police with a gun when he was shot, and why his death was shown live on peak-time television – rumbles quietly on. But it is one of the few echoes of last summer's events, disturbing as they are, to have aroused any unease among French citizens.

RICHARD LLOYD PARRY  
Jakarta

A rift has opened up between Britain and the European Commission over London's application to become a member of the Asian Regional Forum (ARF). The spat is the latest evidence of deep differences between Britain and its European partners over the EU's embryonic attempts to forge a common foreign policy.

The ARF presently consists of 19 full participants, including the seven countries of the Association of South East Asian Nations (Asean), the EU, the United States, Japan and Australia. Membership is theoretically open to "participants that can directly affect the peace and security of the region", a definition which is taken to embrace Russia and the states of Oceania, as well as the Americas.

As investors in the region, with individual military interests, the European states are doubly represented on the ARF by the European Commission and by the European Council, the occupant of the EU's rotating presidency, currently held by Ireland. But at the ARF's third ministerial meeting in Jakarta this week, the present arrangement has come under question amid gathering unease between the Asian states, the EU, and two of its member states.

At the heart of the problem are moves by Britain and France to acquire their own individual seats at the ARF, distinct from their collective representation under the European umbrella. France and Britain are both nuclear powers, and are the only permanent members of the UN Security Council without direct participation in the Forum. In making their application late last year, the British also cited their military presence in Hong Kong and Brunei, and their participation in the Five Nations Defence Pact, with Malaysia, Singapore, Brunei and Australia.

Among the Asian states, this has been regarded as a flimsy rationale, and no noticeable progress has been made on accepting either the British or

French applications. European Commission officials vigorously oppose the idea, for fear that their own influence may be reduced, or even that they may forfeit their collective seat in favour of Paris or London.

"The British and French want to appear as great powers, but they are showing a lack of trust in the EU. And supposing Britain got a seat and held the EU presidency – would it get two seats? It would be ridiculous," said a Commission official.

The rift has been used by some Asian nations as a way of getting back at the Commission, whose critical stance on human rights in Burma has irritated them. The Indonesian foreign minister, Ali Alatas, has boosted Britain's hopes, and disavowed the Europeans, by sympathetically setting out London's reasons for wanting to join the ARF. "That was his way of subtly getting at us," said the Commission official. "It was Alatas saying: be careful, we can take on them and drop you."

The Europeans have angered the Asian countries, particularly Indonesia, the host of this week's ARF conference, by their pointed criticisms of the State Law and Order Restoration Council (SLORC), Rangoon's military junta. Dick Spring, the Irish Foreign Minister and EU president, and the European Commission vice-president, Manuel Marín, have made repeated references to Burmese human rights violations. "There is deep concern in the European Union at what is happening in Myanmar," Mr Spring told a gathering of ministers yesterday. "The SLORC regime still rules in an unacceptable manner."

But human rights is a touchy subject among several Asian members, especially Mr Spring's Indonesian hosts whose brutal annexation of East Timor has itself been the subject of European condemnation. The bad feeling between the two sides overclouded at a news conference on Tuesday when Mr Alatas denounced the "intellectual arrogance and intellectual hypocrisy" of those who sought to impose Western-style democracy on Asian countries.

set to slash  
port of arms  
Senate vote

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## international

# Peace back on agenda as Levy meets Arafat

Jerusalem—In the wake of the successful meeting between Yasser Arafat, the Palestinian leader, and David Levy, the Israeli foreign minister, hope is rekindling that the Oslo agreements between Israel and the Palestinians will continue to be implemented.

Each side is to form a negotiating team to implement the accords which include the withdrawal of Israeli forces from most parts of the Palestinian city of Hebron. Israel says that Mr Arafat promised that his Palestinian Authority will cease political activity in Jerusalem.

Explaining the government's decision to deal with Mr Arafat, whom it has previously demonised, an Israeli official said: "If we want to live in the past, we have a score to settle with every Arab leader... The government has decided that Arafat is a partner, and we will talk to him."

It is a measure of the success of Benjamin Netanyahu, the newly-elected Israeli prime minister, in lowering expectations about his adherence to Oslo, that his willingness to stick to a treaty already agreed has provoked a wave of optimism in the Middle East. In Israel the stock market, which dropped by a fifth following the election in May, immediately rallied.

In a bid to get talks between Syria and Israel resumed, Dennis Ross, the US Middle East peace negotiator, has returned to the region. His performance has been severely criticised in Washington and his

Relations between Israel and Palestine are improving, writes **Patrick Cockburn**

job is under threat, according to US press reports, those these have been denied by the State Department.

In the aftermath of Mr Netanyahu's trip to Washington – and the applause he received in Congress for his hardline positions – Mr Ross is also expected to stress that the US still supports the peace-for-land formula in the Middle East.

Mr Arafat was also expected to go to Damascus yesterday for talks with President Hafez al-Assad, with whom he has had almost no contact for 13 years. Syria expelled Mr Assad and backed a rebellion against him in 1983. If, despite the present optimism, the Oslo accords begin to unravel, then Mr Arafat may feel he needs better relations with Syria.

In Israel, Mr Levy said yesterday that he was ready to meet his Syrian counterpart to try to break the stalemate in relations. "If the Syrian foreign minister is interested and peace is important to his country, I am ready to meet him in any place and at any time," he said.

The better mood between the Israeli and Palestinian authorities reflects the fact that Mr Netanyahu is quietly defusing some of the issues that he used to win the election. For instance, his party insisted that the Palestinians had not revoked a section of the PLO charter calling for the destruction of Israel.

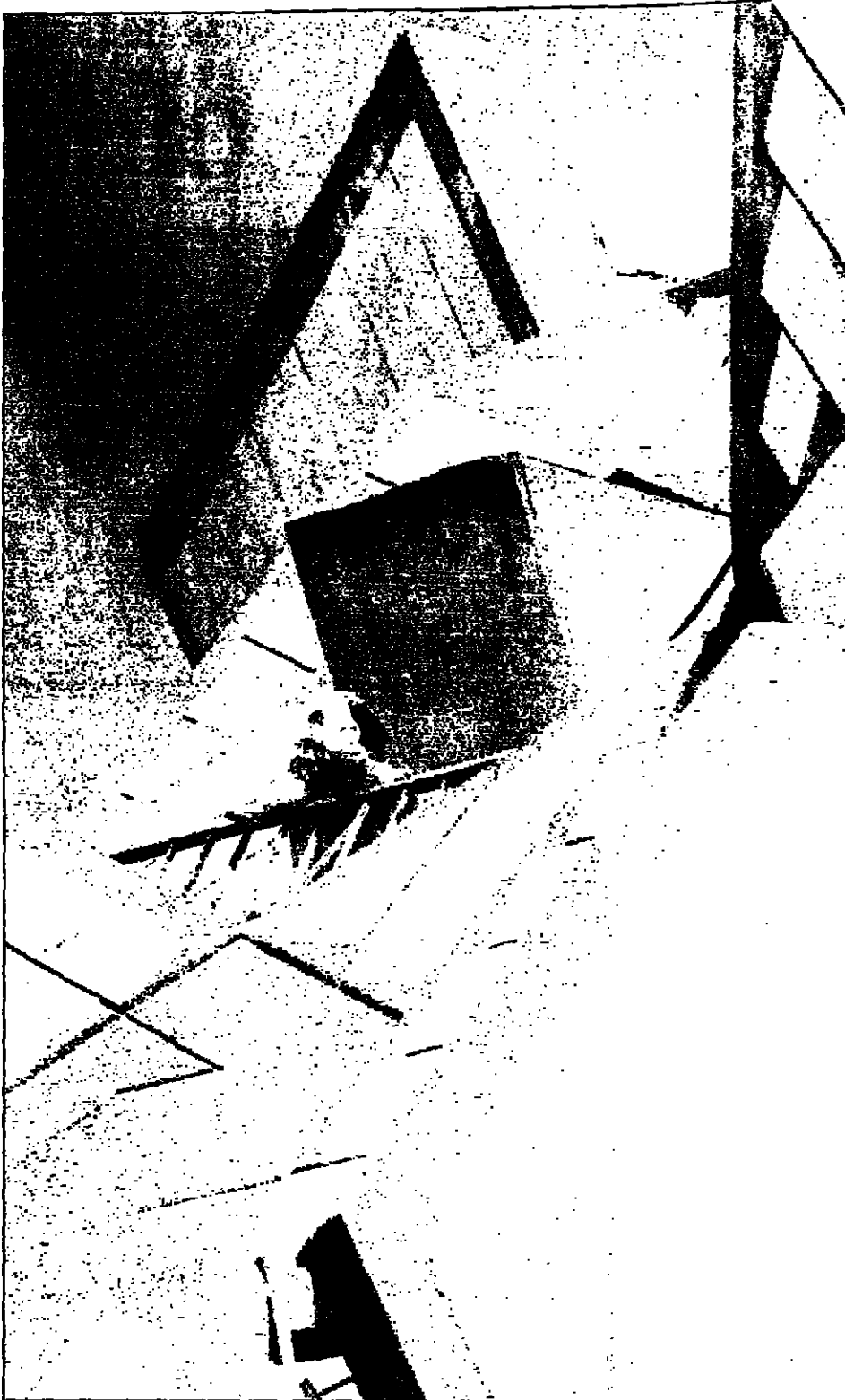
Mr Arafat is now to write to Mr Netanyahu saying that the covenant has been changed.

During the election, Mr Netanyahu also said that Israel's control of Jerusalem was being eroded by the activities of the PLO operating from Orient House, the Palestinian headquarters in east Jerusalem, where right-wing demonstrators had gathered outside the building on one occasion. But given the lack of Palestinian political activity in the city, Mr Arafat's reported promise that they would cease, was easy to make.

With his main campaign themes Mr Netanyahu has made no concessions, though. He said he opposed a Palestinian state, discussions on Jerusalem and a halt to Israeli settlement of the West Bank. In dealing with Syria he is against giving up the Golan Heights, captured in the 1967 war.

■ The number of Jewish settlers in the West Bank and Gaza Strip grew by 39 per cent, to 145,000, under Israel's previous government, the group Peace Now said yesterday. The Rabin government completed 10,000 homes begun under the right-wing government of Yitzhak Shamir from 1990 to 1992, and built 3,942 new homes. Settlers' babies – from 15,000 and 16,000 – made up the remainder of the population increase.

Leading article, page 13



Looking up: A boy stares out from a religious Jews' settlement in Jerusalem, as the Israeli government voices support for larger settlements in Arab lands. Photograph: AP

## Israelis refuse services to 'illegal' villages

**PATRICK COCKBURN**  
Ein Hod

An Arab-Israeli village hidden in a pine forest above Haifa is about to disappear again. A senior Israeli minister, who once described Palestinians as "cockroaches", has decided that it does not legally exist.

"I am in a state of shock," said Mohammed Abu el-Hajja, a 43-year-old civil engineer and the leader of the village of Ein Hod. He had hoped that the Israeli government would supply water and electricity to the 200 villagers for the first time in almost 50 years, and even collect the garbage.

The decision by Gen Rafael Eitan, the new Israeli Environment Minister and the army chief of staff who led the invasion of Lebanon in 1982, is like-



Gen Rafael Eitan: 'Go and live in other Arab villages'

ly to reignite the controversy over some 65,000 Israeli-Arabs, all Israeli citizens, who live in 40 unrecognised villages.

Ein Hod is hard to find, down three miles of dusty,

twisting track, the only guides being pieces of paper tacked to pine trees, with an arrow and the name of the village handwritten in Hebrew and Arabic. "We were driven out from our old village in 1948," said Mr Hajja. "We hid here, where my grandfather had shelters for sheep and goats."

The result was two villages called Ein Hod. The old Palestinian village of graceful stone houses was turned over to Israeli artists, whose kitsch products decorate the streets. A few miles away, a new Ein Hod was built on the side of a steep valley. Surprisingly, it grew, despite intense Israeli pressure. At one time it was fenced off with barbed wire; in 1971 the area was declared a national forest and pine trees were planted to engulf Mr Hajja's olive trees.

"Workers have to get up at 5am to start walking to the main road," he said. "Four months ago, Fatima, a 55-year-old woman, fell ill and I tried to take her to hospital in my car. She died on the way." He added that even the chickens and cattle at the nearby kibbutz of Nir Etzion get electricity and water, which his village is denied.

Last year the government finally agreed to recognise Ein Hod and seven other villages. A bus started to take the children to school. The village was to be made the legal owner of the 45 acres of pine forest in which it stands. The long campaign of Mr Hajja – who is chairman of an association of all the Israeli-Arab unrecognised villages – seemed to have succeeded.

But Naftali Yaniv, a spokes-

man for Gen Eitan, made it clear this week that the previous government's policy was going into reverse. "The minister objects to the recognition of the village because it will be a precedent for... 39 other villages in the northern part of the country," he said. Furthermore, Israel would not give up any of the forest.

Villagers say that they are shocked, but this unsympathetic approach cannot have been a total surprise. Gen Eitan only just escaped dismissal as Israeli chief of staff after an official Israeli report criticised his actions during the massacre of 700-800 Palestinians at Sabra and Chatila in 1982. He once referred to Palestinians as "drugged cockroaches in a bottle."

Azmi Bishara, an Israeli-

Arab member of the Knesset, said: "What is happening at Ein Hod is a symbol of the hostility of the state to its Arab citizens." He believes that the fate of unrecognised villages, with no water or roads, will provoke a struggle for civil rights among the 800,000 Israeli Arabs. He said he knew of one Arab community which was about to be replaced by a Jewish cemetery, and added: "We should escalate the struggle and hold a general strike."

Gen Eitan told the Knesset this week that he did have a solution to the problem of the inhabitants of Ein Hod: They should go and live in Arab villages elsewhere.

Mr Hajja commented: "It isn't easy living here, but it is our land. Besides, we have nowhere else to go."

## SIGNIFICANT SHORTS

**T**wo bombs exploded in a commuter train in Sri Lanka as it pulled away from a suburban railway station. Hospitals reported at least 60 dead and more than 200 wounded. The bombs exploded south of the capital, Colombo, as people were returning home from work. The simultaneous explosions were in two separate carriages. Bodies were found among shoes, briefcases, handbags and other debris strewn around the two wrecked carriages.

Government ministers blamed militant Tamil separatists for the attack. The latest violence came as government troops recaptured a strategic army camp in the north-east after some of the bloodiest fighting in the country's 13-year-long ethnic war. *Reuter - Colombo*

**A** Russian arrested for allegedly passing secrets to four British diplomats who were expelled from Moscow in May was a junior diplomat with a passion for writing spy novels, the newspaper *Argumenty i Fakty* claimed yesterday. While the Russian authorities were preparing to charge Platon Obukhov with treason, he had told his interrogators that he had only been meeting the British in order to gather material for his latest novel, the newspaper said. The book could be called *Playing with Death*, it commented, for that is the sentence Mr Obukhov faces if his case comes to trial and he is convicted. *Helen Womack - Moscow*

**A** third jail inmate on a mass hunger strike died in Turkey yesterday, as the government sought to regain control of three prisons. However, 61 more prisoners have joined the fast. Almost 2,000 inmates in 33 prisons throughout the country have been refusing to take solid food for the past two months in a protest against poor prison conditions. About 275 inmates are refusing to drink even sugared water. *AP - Istanbul*

**The French government approved the appointment of** Louis Gallois, 52, the head of the state aeronautical company, Aerospatiale, to chair the French national railway company, SNCF. The previous head, Louis Le Floch-Prigent, resigned last week after being further remanded in custody in connection with a big corruption investigation. *Mary Dejersey - Paris*

**The European Union attacked proposed legislation in** the United States to penalise foreign energy companies which are active in Libya and Iran. "We are also determined to combat terrorism, but we don't think this is the right way to go about it," said an EU trade spokesman, Peter Gifford.

The US House of Representatives adopted legislation on Tuesday which provides for sanctions against foreign companies that invest more than \$40m (£25m) a year in the Iranian or Libyan energy sectors. *AP - Brussels*

**Inspectors from the UN searched for weapons of** mass destruction inside one of President Saddam Hussein's palaces after a standoff with Iraq's Republican Guards, Iraqi dissidents said. It was the first time that the UN weapons experts were reported to have entered one of the President's numerous palaces since they started their mission after the 1991 Gulf War. *AP - Cairo*

**Bosnia is likely to return to war if no international** force remains in the country after December, when Nato peace-keepers plan to leave, the chief of US military intelligence, Patrick Hughes, said. War would be likely because the Bosnian factions had not given up their goals, and the conditions for civil order had not been established, he said. *Reuter - Washington*

**Botswana will unilaterally decide to cull elephants** and trade in ivory products if the international rules restricting these activities are not relaxed, President Ketumile Masire said. *AP - Gaborone*

**Ten years after the Chernobyl nuclear disaster** spewed radioactivity across much of Europe, Austria's mushrooms are still contaminated with caesium from the fall-out, Austria's state television said. Experts warned people against the popular pastime of collecting mushrooms, which are considered a delicacy throughout the country. *Reuter - Vienna*

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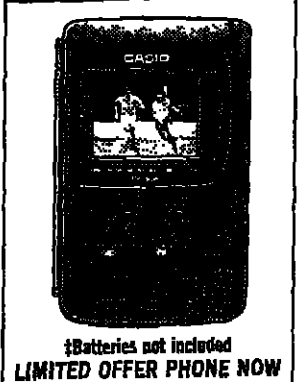
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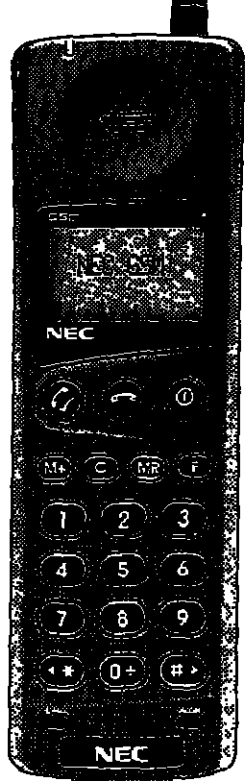
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# A Palestinian state is the key to peace

A television advertisement showing Yasser Arafat walking up a staircase hand-in-hand with Shimon Peres, the Israeli Prime Minister, was repeatedly shown by the right-wing opposition during the Israeli election campaign. The same picture appeared on leaflets slipped under every door in Israel. Supporters of Benjamin Netanyahu, who won the election by just 15,000 votes out of three million, evidently believed that Mr Peres would be damaged by evidence of cordial relations with the Palestinian leader. Given the closeness of the result the film may have won them the election. How ironic, then, that this week a beaming Mr Arafat was repeatedly shaking hands with David Levy, the Israeli foreign minister, before the television cameras. It is unlikely that Mr Netanyahu himself can long avoid Mr Arafat's embrace.

Does this mean that Mr Netanyahu is a closet pragmatist rather than the ideologue he has always appeared? Are the Oslo accords, the series of agreements between Israel and the Palestinians signed since 1993, alive and well despite the defeat of Mr Peres? Could it be that the world has got Mr Netanyahu wrong? If nothing else the surge in optimism across the Middle East in the last couple of days has shown Mr Netanyahu's strength as a tactician. By doing nothing more than agreeing to implement parts of a treaty

Israel has already signed he has won points for moderation. By taking an intransigent line in his visits to the US and Egypt, he has so lowered expectations that a small concession goes far.

It is easy to make too much of the negotiations. Mr Netanyahu has been conciliatory on minor issues. Some of these, like Palestinian political activity in Orient House in Jerusalem, had been built up by him during the election campaign and can be easily deflated. But on differences that will determine the relations between Israelis and Palestinians into the next century there is no sign of the Israeli leader changing his stance. He and his government reject a Palestinian state, an end to the building of Israeli settlements on the West Bank and Gaza and any compromise on Jerusalem.

If there is any reason for optimism it is that the Oslo agreements are showing signs of durability. This is because they represent a certain balance of power between Israel and the Palestinians. It is much in favour of the former, but it has become clear to Mr Netanyahu since he took office that the accords cannot be discarded without provoking prolonged violence. Mr Netanyahu promised the Israeli voters that he could give them peace and security. In the one television debate of the election he accused Mr Peres of putting the security of Israeli children in the hands of Mr Arafat. As Prime Minister

he has found that he has little choice but to do so himself. Within days of taking power he was informed by the Shin Bet (Israeli security) that, without co-operation with Mr Arafat and Palestinian security, bombs would start exploding in Tel Aviv and Jerusalem. They may do so yet. Mr Arafat wants to see implemented the interim agreement with Israel which was signed last year. He wants Israel out of most of the city of Hebron on the West Bank. He wants other scheduled withdrawals on the West Bank to go ahead and Palestinian prisoners to be released. Mr Netanyahu can gain time by gradually

doing what Mr Peres would have done. But it is doubtful that Mr Arafat can continue to imprison members of Hamas and Islamic Jihad if Israeli settlements are expanded. Neither Israel nor the US, having stridently demanded a 'clamp down' on Islamic militants, can complain too loudly over Mr Arafat's appalling human rights record. But ordinary Palestinians expect his policy of security co-operation with Israel to bring some improvement in their lives.

A problem with Oslo since Israelis and Palestinians first signed its basic outlines in 1993 is that the whole process

is drawn out over eight years. This was an open invitation for those opposed to it to try to derail it by bomb and bullet. Both Israelis and Palestinians have tried to do so with a fair measure of success. Hamas and Islamic Jihad exploded their suicide bombs. Baruch Goldstein, an Israeli settler, killed 29 Palestinians in a mosque in Hebron. Yigal Amir shot Yitzhak Rabin, the Prime Minister, in the back in order to stop the Israeli withdrawal from the land he believed God had given to the Jews. By implying, as he did this week, that he will stop all movement in the peace process if there is another bomb attack Mr Netanyahu is encouraging opponents of Oslo to resort to violence.

Is there any way it could be avoided? A lesson of the last half-century is that Palestinian nationalism is irrepressible – perhaps even as irrepressible as Zionism was. In 1982 Israel invaded Lebanon to eliminate the PLO, with disastrous results for itself. The Palestinian Intifada in 1987 showed that the occupation of the West Bank and Gaza could not be maintained without immense efforts by Israel. Even if Mr Netanyahu were to return Israeli troops to the cities and towns they evacuated last year he would have to fight a small war to take and hold them.

Nothing can really be achieved without granting a Palestinian state. If this were on offer it would be easier for Mr Arafat to sell concessions over

Jerusalem and settlements to his followers. Everything that has happened in the Middle East over the last half-century shows the strength of Palestinian nationalism. Whatever Israeli hopes and Palestinian fears, this makes it impossible for Mr Arafat to preside over a Palestinian Bantustan. Even if Mr Netanyahu, like Mr Peres, goes hand-in-hand with Mr Arafat the conflict will continue until the Palestinians achieve self-determination.

## Sporting chance for subsidy

We haven't said this often lately, but three cheers for the PM. A new national sports academy, help for sports in schools; these are great ways to spend the extra National Lottery cash.

This is something John Major feels passionate about. We in Britain don't pay enough attention to sport, he says. We don't provide enough high-quality facilities for our athletes, or enough training opportunities for them to succeed. So, the Government is leaping into the breach to sort things out. Good.

But isn't it curious that the PM doesn't expect the free market to solve the problem? The liberal ideologue is quickly replaced by the keen interventionist when the issue is close to his heart.

## LETTERS TO THE EDITOR

### High price of Said's £20m gift to Oxford

Sir: Alexander Murray (Letters, 24 July) is entitled to his negative view of Oxford's proposed new School of Management Studies, but that is a matter of opinion. What is not a matter of opinion is that Mr Said's proposed benefaction is conditional upon the university's matching it from other sources to the tune of £18m (plus the sacrifice of a playing-field site valued at £2m).

Those whose vocation is fund-raising will see only a magnificent gift of £20m. Others might put it differently: the university has been sucked into an obligation to find £18m for management studies which, to put it mildly, it might have preferred to devote to an alternative purpose.

Our euphoric fund-raisers will say that Mr Said's gift will act as a magnet for further donations. Maybe. But if, as seems likely, after the five years' grace a substantial residue remains to be taken out of general funds, the university has to consider whether it would have wished to devote that amount to management studies rather than something else. Moreover, during the fund-raising period, the university is obliged to contribute to management studies the income that £18m of endowment would have yielded if it had already been raised, ie approximately three quarters of a million pounds per annum. Finally, even if Mr Said's benefaction does stimulate other donors to earmark gifts for management studies up to the full matching sum needed, it is impossible to know how much of this money would have been given to Oxford anyway. Supporters of alternative causes such as the Bodleian could fairly see such amounts as losses, not gains.

Some of us will be voting against accepting Mr Said's generous offer when the matter is debated in Congregation on Guy Fawkes Day this year. RICHARD DAWKINS  
New College  
Oxford

### Business plans or care for patients

Sir: Graham Blincoe in his defence of fundholding for GPs (letter, 24 July) clearly does not appreciate the enormous change of attitude towards public service that has taken place over the past 20 years.

I became a GP in 1961 and – Mr Blincoe is quite right – we had no business expertise. We did not regard our practice as a business. We had no list of our patients who were on hospital waiting lists and no statistical knowledge about the needs of patients. We would not have known what to do with such information if we had had it.

We dealt with individuals. We did whatever seemed to be the best thing for the patient in front of us. Asked if Mr Smith was on a waiting list we could have answered yes or no. As a result of "proper business plans", Mr Blincoe tells us, everyone now knows what the objectives are. If your practice exists to serve patients, what objectives can there be other than dealing with the individual patient's needs to his best advantage?

ROGER JAMES  
Southsea,  
Hampshire



I USED TO BE  
A SEVEN STONE WEAKLING UNTIL I TOOK THE  
TORY GOVERNMENT SPORTS COURSE...



### Pressure to 'choose' abortion

Sir: Helen Bailey (letter, 20 July) writes about the pain of the pregnant woman who, for "social reasons" feels it necessary to abort her baby. A lot of this pain occurs because the Abortion Act, rather than giving real freedom to women, has enabled others (and not always men) to put enormous pressure on women to "choose" abortion.

Sometimes this pressure is blatant, but more often subtle, with veiled threats or a totally negative attitude towards the pregnancy that leaves the woman feeling alone and vulnerable and therefore more ready to agree to something she instinctively feels is wrong. As a pregnancy counsellor, perhaps the greatest pain of all that I see is the pain of grief and guilt of those suffering from post-abortion trauma. This can occur even in women who felt, at the time, that abortion was their best choice, but later the pain of knowing that they deliberately chose to end the life of an unborn child can seem unbearable.

It is not so much "choice" that women with a problem pregnancy are seeking, but care, compassion, practical and financial help to enable them to cope; and it is an unjust, uncaring society that offers abortion instead. Mrs JEAN PAYNE  
Dineford, Hereford

Sir: For the last 150 years pain during surgery has been prevented by anaesthetics.

The foetus is technically a "deep compartment". In other words, it takes a little longer for anaesthetic drugs to reach effective concentrations in the foetal brain than in the woman's. However, they do diffuse across the placenta and will reach equilibrium. Leaving aside the question of whether there is anything in a foetus's head that can experience pain in a meaningful sense at 10-12 weeks, the nerves involved are in no condition to do so while the woman is anaesthetised.

Abortion is not a decision lightly carried out, but to dwell on legendary (that is, half historical and half imaginary) horrors neither advances the argument nor leads credibility to the moral stance of absolutists against abortion.

As for a time-expired frozen embryo, there is too much fuss about something with fewer cells than an ant, and no neurones at all. A K MIDDLETON  
GP, lately anaesthetic registrar  
Exeter

### Lit Crit mafia

Sir: Novels have an enormous potential for civilising us – making us more tolerant, more imaginative, more forgiving; but only if they are actually read ("Modern literary culture has lost the plot", 18 July).

Unlike the Lit Crit mafia, paid to read novels at nine o'clock in the morning when they like them or not, most of us read for pleasure at the end of a busy day, paying heavily for it in terms of chronic sleep deficit. For this we need an incentive stronger than the mere promise of self-improvement.

It is often said that there are too many English graduates writing novels. On the contrary, there are too many English graduates reviewing them, and they haven't noticed that a novel is not a tutorial essay, and that giving marks for effort isn't quite the point. ANGELA BARTINGTON  
Appleton, Oxfordshire

### Confusion about sources of BSE

Sir: The widespread confusion about BSE, scrapie and CJD is due to the fact that the transmissible spongiform encephalopathies (TSEs) – CJD, BSE, scrapie and kuru – are caused by a mysterious infectious agent (the scrapie agent) which is poorly understood even by scientists. This we read (report, 24 July) that, "if sheep are infected with BSE the disease can be transmitted from mother to offspring – which has not been proved to happen in cattle." But scrapie is maternally transmitted (lambs are infected in utero), which is why it has been with us for centuries.

When our cattle were forced before July 1988 to swallow dead sheep (all of whose brains were still inside the skulls and therefore, unlike cattle brains, not in our food chain) our bovine friends caught the ovine TSE, scrapie, now renamed BSE. And there is plenty of evidence that BSE is also maternally transmitted, but the Ministry of Agriculture, Fisheries and Food is denying this. Thus it proclaims that calves are infected because farmers have been continuing to feed the infected material, banned since 1988.

The reason why "scrapie is not believed to pose any risk to humans" is that abattoir workers do not routinely remove sheep's brains – the infective organ – from the skulls (not worth while) so that, unlike cattle brains until 1989, they never finish up in our "meat products". They finish up in animal feed instead. Sheep's spinal cords, however, still arrive on our dinner plates, in lamb chops, and I have no doubt that is where genetically susceptible humans have hitherto

been catching CJD. The proposed new ban which includes sheep spinal cords is therefore welcome.

H C GRANT  
Neuropathologist  
London NW3

### How to revive our town halls

Sir: Your admirable leading article (23 July) on diversity in local democracy, notably by the election of executive mayors in those places where they can thrive, overlooks the means whereby "local power grows out of a local political context and reflects its idiosyncrasies".

The dismay over and the disaffection from politics in Britain today stems from our outdated political process and the belief by growing numbers of people that the overriding party caucus system no longer reflects their wishes, certainly as far as the young and ethnic minorities are concerned. Hence the boom in single-issue campaigning.

Hence too the demand for electoral reforms. Indeed, how stimulating it might be to have primary elections for executive mayors rather than dreary local elections where nobody knows the candidates and where national concerns more often than not decide the way that roughly a third of the electorate vote. Let's have some local razzmatazz.

There are welcome signs that the public want to play an inherent role in local democracies. Some councils are experimenting with limited local referendums and

consultation exercises using citizens' juries and the like. These need to be supported.

Yet local government, which can still be the true engine of change and devolution despite the centralisation of decision making, receives no sustained positive coverage in the media, even at local level in too many cases where pathetic journalism fails the people. We need to change that too. GERALD ISAAMAN  
London NW6

### British troops in Brunei

Sir: In describing British reaction to the revolt in Brunei of 1962, Stephen Vines ("Activist's release stirs hope for change in Brunei", 23 July) stated that it was "swiftly and brutally put down by British forces, mainly Gurkha troops."

In fact, only one battalion of Gurkhas (1st/2nd Gurkha Rifles) took part and apart from an encounter battle in Tutong where a British officer was killed, they played a relatively low-profile part. The Queen's Own Highlanders and 42 Commando, Royal Marines were most involved, the latter suffering five dead and six wounded during the rescue of British hostages at Limbang. Generally, we found the Brunei rebels to be fairly inept and good-natured and as one who took part I find it deeply offensive to be described as brutal. RUPERT VAN DER HORST  
Wincanton, Somerset

### Passion on the Peugeot bonnet

Sir: Your article "Forget the sex, it's the Wax factor that sells the car to women" (17 July) says research into the Peugeot commercial that shows a man having sex with a woman across the bonnet of the car was found to be a patronising way of selling cars to women.

The man is shown meeting the woman in a car park, driving to a beach, having sex with her and then he drives home to be greeted by his wife and four children. Lo and behold, his wife is the same woman.

As an advertising researcher I have conducted consumer focus groups in which this commercial was discussed. Far from being patronised the women found the idea of a man still having passionate sex with his wife very appealing. The men assumed that the wife and the woman were two different people. A much more patronising assumption. LUCY BANISTER  
Director, Davies Riley-Smith MacLay  
London N1

### Invisible phones

Sir: The point always overlooked in the phone box debate (report, 24 July) is visibility. All-red boxes in the Scott design can be spotted from a great distance, if you need the phone in a strange place. The peculiar hybrid illustrated on your front page does little to remedy the defect of more recent designs. GEOFFREY CRAWLEY  
London WC1

### Ethics of the Arts Council

Sir: If there is indeed a perception of "cronyism" in the Arts Council's cultural patronage, as David Lister suggests ("The fine art of networking", 19 July), then it is because such articles create the perception. The strength of the Arts Council's decision-making process is that it is based on peer-group assessment, and the council is fortunate to be able to call on the advice of leading arts practitioners, who give of their time for no material reward. Inevitably those practitioners are connected with leading arts organisations who may receive funding from the Arts Council or may be seeking lottery money.

The question of conflict of interest is not met "with blank looks" as David Lister writes, but by the operation of a strict ethical and procedural code, approved by the parliamentary ombudsman and even more rigorous than the code required by the Treasury. MARY ALLEN  
Secretary-General  
The Arts Council of England  
London SW1

### Brothel peril

Sir: How far does Melvyn Bragg ("Let's hear it for the brothel", 23 July) want to push legalisation of prostitution? Does he want prostitution to be turned into such a legitimate profession that unemployed women will be refused benefit if they don't take the nice job going at the local brothel? Will donations from pimps be welcome additions to party funds? EILEEN LAVIN  
London NW2

Post letters to Letters to the Editor, and include a daytime telephone number.  
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# Blair's big beauty contest

The winners of yesterday's shadow cabinet elections cannot rest on their laurels. How they perform from now on is what will determine their chances of a place in a Blair government, says Donald Macintyre

## ON THE WAY UP



Tessa Jowell



Tessa Blackstone



Alistair Darling



Stephen Byers



Brian Wilson



Kim Howells



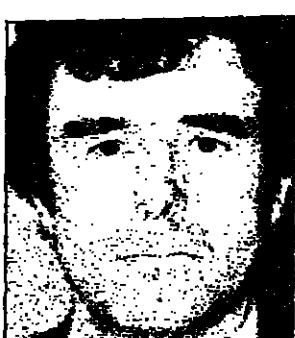
## HANGING ON



Frank Dobson



David Clark



Gavin Strang

## IN DANGER



Michael Meacher



Clare Short



Tom Clarke

The one safe bet about the Labour Shadow Cabinet elected last night is that it won't be identical to the Cabinet Tony Blair appoints if and when he becomes Prime Minister some time over the next 10 months. The respected Labour MP Jeff Rooker struck a chord last week, when he pointedly remarked that Blair was under no "legal obligation" to take his entire Shadow Cabinet into government.

For most members of Labour's front bench, how they perform in the protracted general election campaign between now and May will probably have more influence on whether – and at what level – they win a seat at the cabinet table than anything that has so far happened during the party's long dark years of opposition.

Blair is likely to judge his colleagues according to three stiff tests: their intelligence in developing and selling the policies covered by their departmental briefs; their performance at the Commons dispatch box and on the airwaves; and how far they are – in the jargon of the Blair circle – "team players".

Shadow cabinet elections have come to be seen as a political beauty contest. But if the Parliamentary Labour Party really is the most sophisticated electorate in the world, as it likes to think of itself, then it must know already that the beauty contest that matters, the one to decide who will form possibly the first Labour Cabinet for the best part of a generation, starts now.

There are, of course, some certainties about a few of the biggest hitters in the Labour

team. Clement Attlee amazed his party in 1945 by swapping, at King George VI's suggestion, the portfolios of Hugh Dalton and Ernest Bevin, making the former chancellor and the latter foreign secretary. But much as Robin Cook might yearn for Blair to do the same, he won't. Gordon Brown will be Chancellor of the Exchequer and the best bet must still be that Cook will be foreign secretary. Lord (Derry) Irvine, Mr Blair's mentor and pupil master at the bar, will become Lord Chancellor. David Blunkett has Blair's public word for it that he will be the first Labour education secretary since Shirley Williams. And beyond that almost nothing can be said with total confidence about who will be who in a Blair government.

The uncertainty is compounded by the deep reluctance, to put it mildly, of

Blair's lieutenants to speak about the future shape of a Labour Cabinet all. In the face of a reticence bordering on the paranoid and a deep dislike of all speculation on the subject, we can only, well, speculate.

One of the few public utterances on the subject from anyone close to the leadership is an enigmatic paragraph in Peter

the prospect, however exciting, that fortified by a handsome majority Tony Blair will immediately bury half the Shadow Cabinet elected last night, appoint a dozen or so rising modernisers from outside its ranks, and offer jobs to the Liberal Democrats Paddy Ashdown, Menzies Campbell and Charles Kennedy. Given Blair's capacity to surprise, it

duct themselves as key ministers of state. This isn't so bad, career-wise, when you consider that Roy Jenkins's first job, in 1964, was outside the Cabinet, and that he was home secretary a year later and chancellor two years after that.

For Blair may not be as keen as some think to exclude from his first Cabinet main-

name but two. But he swallowed the devotion referendum with dignity and is regarded by Blair as an impressive player, particularly on his own turf.

Equally, Ann Taylor wasn't a success in the education portfolio. But she, too, has impressed Blair in her handling of the Nolan report and Commons reform as shadow Leader of the House. Gavin Strang has an old Labour left pedigree but he has won brownie points for his thoughtfulness and his response to the BSE crisis. Frank Dobson isn't fashionably new Labour, King's Cross rather than Islington man. But he has a better than even chance of being tested in a cabinet post. And so on.

Beyond that, it is obvious that Jack Straw, and Marjorie Mowlam, modernisers both, will have cabinet posts. So, for all her travails, will Harriet Harman, but perhaps in a different portfolio than health. George Robertson, the shadow Scottish Secretary who Blair regards as a high flyer, could be destined for an upwardly mobile UK job such as defence. So will Chris Smith, but probably in a post which puts him less at loggerheads with Gordon Brown than his present portfolio of social security.

Indeed, the modest reshuffle expected to follow last night's election results won't be much of a guide to who finally gets what. Donald Dewar is and

will be a member of the inner "A" team. There are those in the party who think that Dewar should be given a big department, leaving Nick Brown, a close Gordon Brown ally to be chief whip. But it still looks very much as though Dewar will remain as chief whip, in a broad-ranging role which tears up the ancient taboo by which government chief whips do not speak, in the Commons or on television.

The biggest unresolved question of all is a job for John Prescott. He would like an economic overlordship, or even to match Michael Heseltine's role of Deputy Prime Minister. Gordon Brown would surely see off the first notion, and Blair has shown no enthusiasm for the second. Which leaves the prospect of a department or a new portfolio-free role akin to that of the Tory party chairman. It remains the thorniest personnel question Blair has to resolve between now and the general election.

Meanwhile a posse of newly elected shadow cabinet members and junior front-benchers will travel to Templeton College, Oxford today for yet another seminar on preparing for government. It will be addressed by Roy Hattersley, who unlike any member of Blair's future administration was a real live member of a Labour Cabinet. It's a reminder of how untested will be the team he appoints if he wins the election.

Even Margaret Thatcher, not the most spineless of leaders, still found it necessary to balance right and left in her Cabinet

Mandelson's book *The Blair Revolution* in which he says that "with less need to balance right and left since the days of old Labour, ministers at all levels can be selected strictly on merit – producing a government of talents, rather than of interests, to ensure maximum performance."

This needs to be taken with a pinch of salt. Margaret Thatcher, not exactly the most spineless or least ideological of party leaders, still found it necessary, right to the end, to balance right and left in her Cabinet. Indeed, the one she appointed in 1979 was positively dripping with "wets" on the pro-European, one-nation left of the party. Labour's Cooks and Prescotts will gain places on merit alone, but they also have constituencies that cannot be ignored.

Which casts some doubt on

is conceivable, of course, that he will do just that.

Alistair Darling, Alan Michael, Brian Wilson, Tessa Jowell, Kim Howells, Stephen Byers, Alan Milburn, Henry Macleish, Geoff Hoon, (from the left) Dawn Primarolo and, of course, Mandelson himself, are all putative cabinet entrants, with Darling probably the front-runner to go into a first Cabinet. Blair will be tempted to elevate Frank Field for his rare ability to think the unthinkable on social security. The Labour peer and academic Baroness Blackstone would be an intriguing choice for leader of the Lords, (though it is more likely to be the present Labour leader, Lord Richard.)

But it is likely that most will have to wait for the first big post-election reshuffle – depending on how they con-

stream or even old Labour members of the Shadow Cabinet. The unreconstructed Michael Meacher and Tom Clarke, who unhelpfully attacked the Labour candidate in the middle of the Monkslands by-election, are not good bets. Nor, perhaps, is the persistently, if engagingly, boat rocking Clare Short – at least in her present job.

But while Jack Cunningham (old Labour right) hasn't always been the most energetic of Opposition politicians, he is regarded by Blair as a heavyweight. Ron Davies has made some signal mistakes as shadow Welsh Secretary, gratuitously insulting the Tory rebel Elizabeth Peacock in the middle of the coal crisis, and leading a childish Commons walk-out in protest at the Englishman William Hague's appointment as Tory Welsh Secretary, to

## Radio 4 news does the world a disservice

There is only one flaw in John Birt's plan to make the World Service get all its news from a central news service. He has got it the wrong way round. All BBC news should be drawn from the World Service. That's because they have real news on the World Service and junk food news elsewhere on BBC. You don't believe me? Well, yesterday I solemnly sat down and took notes on the 8am news bulletin, to see just how serious a news service it was. Here are, in brief, the 13 items covered in 10 minutes.

1. The Prime Minister will announce a training academy to improve British sport.
2. Douglas Hogg makes another statement about the safety of eating lamb.
3. Amnesty condemns Israeli shelling of UN compound as "deliberate".
4. Jury retires for backpackers' murder trial in Australia.
5. Labour MPs claim that criticism of Railtrack has been watered down in rail safety report.
6. Clinton says we still don't know why the plane crashed.

7. Shadow Cabinet elections imminent.
8. Swimmer Paul Palmer wins Britain's first Olympic medal.
9. Rugby Union still in disagreement over Five Nations tournament.
10. Search for mother who abandoned child in Bournemouth.
11. Princess Diana to have her PR looked after by her own staff after her media adviser, Jane Atkinson, resigns.
12. Jessica Mitford dies: brief obituary.
13. Cable companies will have to offer better programmes if they are to get bigger share of market, says ITC.

That's it. That was all the news on Radio 4 yesterday at 8am, on the supposedly prestigious *Today* programme. In all the world, in all the teeming modern exciting world, they were the most interesting bits of news that the mighty Birtian BBC news machine could find. And yet when you look at them closely, most of them are not news at all. The Rugby Union disagreement is not new. Clinton saying that they cannot yet blame the plane crash on terrorists is not



Miles Kington

news – it would only be news if they had any clues. Princess Diana's PR arrangements are not of interest to anyone, except perhaps Jane Atkinson's mum and dad. The Bournemouth mother story is a one-day tabloid screamer which deserves no place on Radio 4. The cable TV item is a non-story, perhaps included by the BBC because it suggests cable TV programmes are not as good as the BBC. The shadow cabinet elections and the Railtrack item are not news items, just rumour and speculation about news items. The only real news items there, honestly, are the Amnesty report on Israel, the PM's promise of a boost for sports training and Jessica

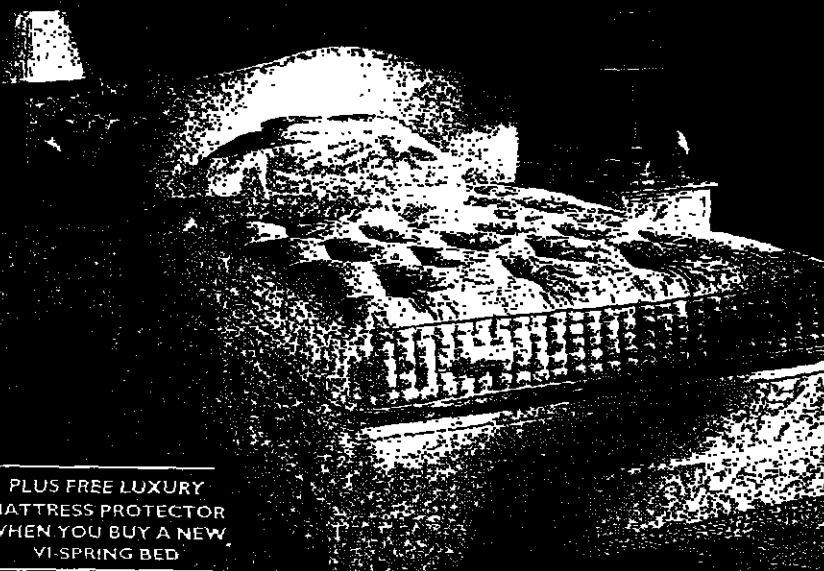
Mitford's death, and none of them is exactly what you might call riveting. The rest are parochial, or party politics, or rumour. But then the much-vaunted *Today* programme is for the most part parochial, speculative and about party politics. The news at 8am had been preceded by an item in which Stephen Dorrell was asked how the disunited Tory Party could keep going, and he said that if you were looking for disunity problems the Labour Party was the place to look and he kept saying it, and you say to yourself: "For this they dragged in Stephen Dorrell off the street? For this I switched on the much-vaunted *Today* programme?" This they call political debate?

I cannot get the World Service where I live, so I do not know what news they were putting out at the time. But I do get the *International Herald Tribune* every day as a sort of World Service substitute, because the *Tribune* has good world coverage and wonderfully little British parochial news and none of the Malcolm Rifkind-in-the-radio-car stuff that passes for news in

the much-vaunted *Today* programme. In Tuesday's *Tribune* the main stories, outside the inevitable Olympics, were about the catastrophic floods in China, the reasons why Japanese surgeons refuse to do organ transplants, the vicious crackdown on crime in China (more than 1,000 people executed since April), European traffic problems, and a food poisoning panic in Japan which is killing and paralysing enough children to make mad cow disease look puny. This finally made the BBC radio news yesterday at 1pm.)

That's a bit more like world news. Certainly the *Tribune* is streets ahead of the 8am news on the BBC's much-vaunted *Today* programme. If you doubt this, keep reminding yourself that yesterday Radio 4 news thought that the most important piece of news anywhere in the world was a promise by John Major to give more money to sport. If John Birt's BBC news service thinks that's a lead global news item, then the sooner he hands all news over to the World Service the better.

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child's education, it was undesirable for the foster parent to be allowed to test the issue before the tribunal. Otherwise, the only proper appellant to the tribunal would be the authority itself, against its own decision.

For these and other reasons, his Lordship concluded that the appellant was indeed "parent" enjoying the right of appeal to the tribunal.

**Paul Magorath, Recorder**

**Paul Magreth Register**



15.50

T SHORTS

Economic View: Worries over Internet money 21  
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Market Report: Crystal ball wrecks havoc 20

DEPUTY CITY & BUSINESS EDITOR: MICHAEL HARRISON

# Economy: Sunshine brings the shoppers out but turbulent stock market leaves £480m offer only 30 per cent subscribed

## Cut in base rates unlikely after high street sales rise

## Somerfield float on the brink of being pulled

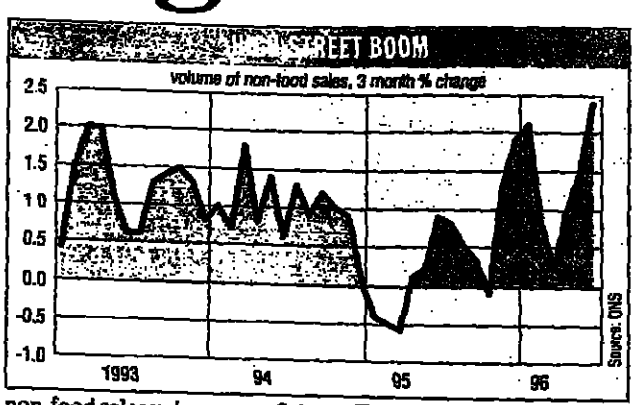
**DIANE COYLE**  
Economics Editor

Brilliant sunshine brought the shoppers out in force last month. Yet high street sales surged even after adjusting for the weather, giving force to Chancellor Kenneth Clarke's recent prediction of a boom in consumer spending.

The buoyant figures made a further cut in base rates unlikely after Mr Clarke's meeting next Tuesday with Eddie George, Governor of the Bank of England. That, along with another weak start on Wall Street, unsettled the stock market, and the FT-SE 100 index closed 39.6 points lower at 3,668.8.

The volume of sales jumped 1.3 per cent in June, driven by a huge increase in clothing and footwear. In the latest three months, a better indicator of the underlying trend, the increase was also 1.3 per cent, the biggest since March 1994.

Food sales barely expanded, but the three-month increase in



non-food sales volumes was 2.4 per cent. This was the highest since September 1988, the height of the biggest consumer boom in recent history.

The figures were welcomed by the Government, which is counting on an improving economy to boost its chances at the ballot box. Treasury minister Angela Knight said: "They confirm that high street sales are on a firm upward trend, reflecting a growing mood of optimism among consumers."

The size of the June rebound in sales took City analysts by surprise, despite earlier anecdotal evidence of surging sales. This evidence suggests the strength has continued into July.

For example, department store and supermarket group John Lewis reported that the value of non-food sales in the week to 13 July was 17.7 per cent up on a year earlier.

The strong sales volumes in recent months have been enjoyed by most kinds of retailers

except food stores and the struggling mail order industry. In the three months to June these two sectors were 0.4 per cent up and 1.3 per cent down respectively on the previous three months.

Sales by the remaining categories – department stores, clothing and footwear retailers, household goods stores and others – grew by 2.3 per cent, or around 10 per cent at an annualised rate.

Some retailers reported a Euro 96 effect in June, according to the Office for National Statistics. The contest boosted off-licences and sales of sporting goods.

The average weekly value of total high street sales in June was £3.1bn, which was 7.4 per cent higher than a year earlier and the highest growth in value terms since March 1991.

Economists were divided about whether the buoyant high street figures ruled out another cut in base rates. David Walton at investment bank

Goldman Sachs said: "It certainly will for the Governor, but the Chancellor can still point to extremely subdued inflationary pressures."

The Treasury yesterday said there were virtually no inflationary pressures, and the economy as a whole was not in danger of overheating.

Alex Garrard at UBS said Eddie George would be in a hawkish mood when he and Mr Clarke hold their monetary meeting next Tuesday. He predicted the Chancellor would not risk being criticised in the Bank of England's next Inflation Report, due on 7 August.

"There is a risk of overheating but its effects on inflation will not be felt for two or three years," Mr Garrard said.

Ciarán Barr at Deutsche Morgan Grenfell said: "When combined with evidence of an improving manufacturing sector, the Chancellor's credibility would be severely tested were he to cut rates again."

Comment, page 19

**NIGEL COPE**

The Somerfield supermarket flotation was on the brink of failure last night with the £480m offer said to be only 30 per cent subscribed just two days before the deadline for applications.

With investor confidence shaken by another day of turbulence in the stock market, it is becoming increasingly likely the float will be pulled.

Asked whether the market's gyrations would scupper the float, one leading City fund manager said: "I think it might well do. I get the strong feeling they are in serious trouble."

One supermarket analyst added: "Everything that could have gone wrong has. If it's only one third subscribed at this stage, it's a disaster."

The company did not comment, and was understood to be in meetings with its merchant bank advisers, Kleinwort Benson. The flotation offer is not underwritten.

With investors leaving decisions until the last minute because of difficult market conditions, Somerfield's broker,

NatWest Securities, has been frantically wooing smaller fund managers.

There was also speculation yesterday that NatWest has been contacting some of Somerfield's debt holders suggesting they should buy shares to help the float. This would involve debt holders effectively swapping debt for equity in the company.

It is known that debt holders have been phoning NatWest "aggressively" to ask about the status of the float.

NatWest would not confirm the rumours. It also declined to confirm that the issue was only 30 per cent subscribed.

Some analysts are suggesting that if Somerfield's float is pulled the company could find it difficult to compete in an increasingly cut-throat market.

It would also be a big financial blow to the board of directors, which is set to share bonuses of £10m from the float. Chief executive David Simons is in line to pick up almost £4m.

Another analyst suggested that without proceeds from a flotation Somerfield would find it harder to honour a £30m debt repayment due to its parent Isosceles in October.

Analysts said there are only a few potential buyers for the company. Kwik Save is performing poorly and Iceland issued a profits warning last week. Continental buyers such as Aldi are not expected to be interested.

The flotation of the former Gateway business, with its weak brand name and high debts, and in the cut-throat supermarket sector, was always going to be a struggle. But the issue has been dogged by misfortune. Somerfield ran into an increasingly difficult new issues market, then had to cut the price of its shares from 180p to 160p last week following Iceland's warning.

The company's worst fears, that the stock market would head south this week, have been realised.

One fund manager said: "At 160p I wouldn't say the price is far from being unreasonable. But given market conditions you really have to wonder. You almost feel sorry for them."

## Oftel refuses to extend deadline

**CHRIS GODSMARK**  
Business Correspondent

The telecommunications industry regulator, Don Cruickshank, is understood to have emphatically ruled out any possibility of extending the deadline for BT to accept his fair trading proposals. Pressure on BT intensified last night, as speculation mounted that the Government might be persuaded to intervene to broker a settlement between the two sides.

Oftel has given BT until next Friday, 2 August, to accept or reject the package of proposals, which would give the regulator the power to ban anti-competitive behaviour without the need to make specific amendments to BT's licences.

The measure has been linked to a more generous pricing formula for BT, which would remove most business customers from the price cap.

Mr Cruickshank is understood to be insisting that if no word comes from BT by the deadline date, he will make an immediate referral to the Monopolies and Mergers Commission.

BT has taken the view that reaching a compromise to the impasse is more important than sticking by a strict deadline.

BT's last hope to avoid a costly and time-consuming MMC investigation, which would cover its entire business, may lie with the DTI. The company hopes to persuade ministers to amend the Telecommunications Act, to include a formal right of appeal against Oftel's decisions.

However, sources in the DTI have previously suggested that such a move "is not imminent."

But Oftel is not thought to be taking part in any discussions with the DTI on the issue. Mr Cruickshank, who returned from holiday this week, has taken the view that any change to the law would be solely a matter for Parliament.

BT's board met on Tuesday to discuss its next move, but a final decision is said to be "too close to call."

## Sir Alastair gives notice of intention to call it a day at Eurotunnel



Sir Alastair Morton (above left), the man who turned the Channel Tunnel into a reality thus uniting Britain with the Continent for the first time since the Ice Age, is to hand over as Eurotunnel chairman to Robert Malpas (right) when negotiations to reschedule its £5bn debt mountain have been successfully concluded, writes Michael Harrison.

At a hastily convened and brisk press conference yesterday Sir Alastair said that when a deal with Eurotunnel's 225 banks was finally reached, his job would be done and he would be time to move on.

Sir Alastair became chairman in February 1987 and is widely credited with salvaging the project from imminent collapse by forcing through the £700m share offer that secured financing for the tunnel. He would not comment on the details of the debt

## City welcomes extension of relief on stamp duty

**PETER RODGERS**  
Financial Editor

The Chancellor yesterday surprised the City by extending stamp duty relief from market-makers to all intermediaries handling share deals on behalf of investors.

The move is expected to be broadly tax neutral but the City hopes it is the first step towards complete abolition of stamp duty, which currently raises £1.3bn a year.

The move was made on the recommendation of the Securities and Investments Board, which had been asked to examine the future of stamp duty relief in the light of the Stock Exchange's move to a new trading system.

At present, only market-makers obtain the relief, but their role is changing in the new trading system. Sir Andrew Large, chairman of SIB, said the plans would provide a level playing field among a wider range of firms.

The initial cost of extending the relief is expected to be small because so few intermediaries other than market-makers at present buy shares to hold. The duty from higher volumes of trading with investors is expected to cover the cost of relief to the Government.

SIB suggested that regional equity brokers might start holding blocks of shares to sell on to clients once they get the relief, while London broker dealers may find it economic to begin writing stock options.

There could also be a big boost for stock borrowing, where investors' holdings are used temporarily to boost the liquidity of dealing firms. The Chancellor said such transfers would also be relieved from stamp duty.

Chris Salter, managing director of UK equity trading at SBC Warburg, said: "It is a very positive move for London and should be seen as a move towards full abolition of stamp duty in line with Paris and Frankfurt."

Richard Kilsby, director of market services at the Stock Exchange, called it a "workable and solid framework" to support the new trading services.

Stephen Wilson, executive director of Tradepoint, the Exchange's new rival, said it would "help improve liquidity in the London financial markets and enable more investors to trade on Tradepoint."

Two key areas to be sorted out are the definition of an intermediary, and the maximum period for which stock can be held to qualify for relief. Mr Kilsby said the market view was that 30 days was too tight. He believed dealers in stocks outside the FT-SE 100 may also need a longer period.

As a quid pro quo the Stock Exchange is to increase the number of deals published immediately from 75 to more than 85 per cent by immediate publication of all protected trades once they are completed, instead of a one-hour delay. The present 75 per cent compares with 50 per cent in January.

## 'Grey panthers' beef up Bank supervision

**PETER RODGERS**  
Financial Editor

The Bank of England will hire about 100 extra supervision staff, including five recently retired bankers described yesterday as "grey panthers".

They will help improve "damaging" low levels of experience in the supervision department, identified in a report by the consultants Arthur Andersen, which recommends there should be a widespread cultural change.

The expansion is part of a wide-ranging re-organisation and beefing up of supervision announced yesterday after a nine-month review of the operation of the department, prompted by the Barings collapse and the subsequent inquiries.

Howard Davies, deputy governor, who was in charge of the review, said the sort of banker

he was thinking of recruiting as a grey panther – a name he suggested himself – was Richard Delbridge, who retired last year from HSBC. Mr Delbridge helped the Bank with its supervision review. "We have not recruited him, but we have a little list," Mr Davies added.

The older recruits would be full- or part-time with wide general experience as well as specialist knowledge in areas such as credit and market risk.

Arthur Andersen found the Bank supervisors' average age was 30 compared with 40 in their overseas equivalents and 37 at other UK regulators. The accountants said 55 per cent of line supervisors had less than three years in their jobs.

The firm, whose report for the Bank was published with the results of the review, expressed concern at this state of affairs, given that UK bank supervision required "greater levels of judgement than many other supervisory regimes".

Since new entrants often move to other parts of the Bank within two to three years but only a few return to supervision from elsewhere in the bank at senior levels, "the resulting lack of experience is damaging," Arthur Andersen said.

The grey panthers are only one part of a programme to raise experience levels and morale, increase staff numbers, improve training and career progression and use more secondments. There will be no big increase in salaries but bands will be widened to allow more progressive pay rises. Salaries in the private sector are twice those in the Bank.

Arthur Andersen found poor morale in the department after the BCCI and Barings collapses which heightened supervisors' concerns about making mistakes, and "negative aspects of the culture including excessive and unnecessary copying of documents and some feeling that a period working [in the department] does not necessarily further your career in the Bank".

The report also found senior managers to be overextended and not delegating enough decisions, so the department is to be sub-divided further with three new divisions with senior heads. However, the report was also complimentary about the Bank's high standing among international regulators, who saw it as a leader in the field, and added that other systems had a worse history of bank failures.

Arthur Andersen recommended the Bank raise total staffing in the department by precisely 101 to 486 after two to three years, but Mr Davies said the final total could be more or less than this. There would be a definite increase of 45 among

### IMPORTANT NEWS FOR MORTGAGE CUSTOMERS

#### Interest Rate Change

The rates of interest for existing mortgage customers (in appropriate cases the basic rate) will decrease by 0.50% to 6.74% with effect from 1st August 1996. This reduction includes a 0.25% decrease which reflects the Society's commitment to mutuality.

Fixed rate mortgages are not affected during the contractual fixed rate period.

In cases where mortgage interest rate changes are subject to notice, the decrease will take place after the appropriate notice period which will commence on 1st August 1996.

There will be no change to the interest rates on existing Secured Personal Loans regulated by the Consumer Credit Act 1974.

For customers participating in the Society's annual review procedure, this interest rate decrease will be taken into account when calculating new monthly payments from March 1997 or, in appropriate cases, the anniversary of the mortgage.

**Norwich and Peterborough**

Chief Office: Peterborough Business Park, Lynch Wood, Peterborough PE2 6WZ.  
Telephone: Peterborough (07734) 371371.  
Member of The Building Societies Association, Member of LINC.  
Assets managed £1.6 billion.

### informative:

With effect from 1 August 1996, First Direct will offer the following interest rates:

	Cheque Account	Premier Cheque Account	FlexiLoan	Visa Card
Overdraft Rate	From 13.20% to 12.00% p.a.	From 16.20% to 15.00% p.a.	From 17.50% to 17.40% p.a.	From 15.0% to 14.5% p.a.
Agreed overdraft for balances up to £250	13.20%	16.20%	17.50%	15.0%
Agreed overdraft for balances over £250	14.0%	17.4%	17.40%	14.5%

The FlexiLoan rate will be reduced from 17.50% p.a. to 17.40% p.a. (APR 18.8% variable).

The Visa Card interest rate will be reduced from 15.0% to 14.5% p.a. (APR 18.8% for purchases and APR 20.9% for cash advances).

First Direct is a division of Midland Bank plc. Member HSBC Group.

STOCK MARKETS

INTEREST RATES

CURRENCIES

New York Index & graph at 1200 hours

FT-SE 100 Index Today

Index	Close	Day's change	Change(%)	1986 High	1986 Low	Yield(%)
FTSE 100	3668.80	-39.60	-1.1	3857.10	3632.30	4.13
FTSE 250	4182.00	-54.90	-1.3	4568.60	4015.30	3.80
FTSE 350	1838.00	-20.80	-1.1	1945.40	1816.80	4.02
FT Small Cap	2088.65	-15.87	-0.8	2244.36	1954.06	3.16
All Share	1819.39	-20.04	-1.1	1924.17	1791.95	3.95
New York	5329.84	+6.29	+0.1	5778.00	5382.94	2.30
Hong Kong	20631.03	-532.66	-2.5	22686.80	19734.70	0.751
Tokyo	10899.05	-165.45	-1.5	11594.99	1204.97	3.431
Frankfurt	2447.80	-27.27	-1.1	2533.49	2253.36	1.891

Source: FT Information

Short sterling\*

UK medium gilt

US long bond

\*100,000 £100,000

\*100,000 \$100,000

Money Market Rates	1 Year		3 Year		5 Year	
	Index	1 Month	1 Year	Medium Term (%)	Long Term (%)	Year Ago (%)
UK	5.75	6.00	7.89	8.17	8.00	8.26
US	5.34	6.06	6.78	6.49	6.97	6.89
Japan	0.47	1.06	3.30	2.83	-	-
Germany	2.31	3.47	6.39	6.76	6.98	-

\*Bankwest Indices

MAIN PRICE CHANGES

Shares	Price (p)	Change (p)	Falls	% Change	Price (p)	Change (p)	% Change	
Sharesearch Index	456	17	3.9		Danka Bus Sys	389	32	7.6
Body Shop Int	182	4	2.2		Permethal	2135	120	5.3
Marston Therap	222	6	2.2		St James Place Cap109	6	5.2	

£/\$

£/DM

£/¥

Other key exchange rates with DM fixed September at 1986 levels

Pound	Yesterday	Change	Year Ago	Dollar	Yesterday	Change	Year Ago
\$ (London)	1.5542	+0.33c	1.5984	£ (London)	0.6434	-0.14	0.6284
\$ (New York)	1.5535	+0.20c	1.5945	£ (New York)	0.6437	-0.08	0.6272
DM (London)	2.3121	+0.17p	2.2107	DM (London)	1.4877	-0.20p	1.3849
¥ (London)	167.879	+¥0.451	140.168	¥ (London)	108.020	+¥0.065	87.8050
£ Index	85.0	+0.1	83.4	£ Index	96.1	-0.1	90.1

OTHER INDICATORS

Yesterday	Day's chg	Year Ago	Index	Latest Trg	Next Trg
Oil Brent \$	19.20	-0.15	16.06	RPI	153.0+2.1pc
Gold \$	384.20	+0.5	386.10	GDP	130.3 +1.1c
Gold £	247.33	-0.07	241.86	Base Rates	— 5.75pc
					5.75



## business

## Suter agrees to £270m Ascot bid

TOM STEVENSON  
City Editor

Suter, the diversified industrial group run by former share-dealing whizz-kid David Abell, will announce today that it has agreed to a £270m bid from Ascot Holdings, the property and leisure group previously known as Control Securities.

Suter's shares jumped 27p to 197p yesterday after it emerged that the company was in talks that might lead to a bid. Later in the day Ascot confirmed that it was the potential bidder and its shares fell 8p to 361p. A bid of about 230p a share is expected to be recommended today.

Ascot, which changed its name in 1993 as it sold off its

brewing, hotels and property interests to become a cash-rich shell, was originally run by Nazmu Virani, the Ugandan Asian businessman who built a £100m personal fortune from nothing but ended up in jail for his part in the BCCI banking fraud.

Howard Dyer, former boss of the Hamleys toy store, moved in to the group then with the stated intention of using Ascot's shares and cash to acquire an industrial group.

A former employee of Williams Holdings, Mr Dyer is expected to use Suter's businesses, which include refrigeration, engineering and chemicals operations, as the launchpad to build a much larger group.

He is understood to be keen to increase the focus of the group to take it away from the out-of-favour diversified industrial sector where companies such as Hanson, BTR and Tomkins have been shunned by investors. Williams itself narrowed its focus several years ago to concentrate on just three core businesses.

Suter, a conglomerate twice the size of Ascot, is run by David Abell, who made a fortune in the 1960s and 1970s trading shares and is more used to taking stakes in other companies than being under siege himself.

Since the early 1980s a long roll-call of companies have found Suter on their share register. Sometimes the stakes

led to bids, but more often not. Always controversial, Mr Abell was at the centre of a four-and-a-half year investigation by the Department of Trade and Industry which led to a DTI criticism of him but no action being taken.

It is thought that his reputation as an inveterate shareholder has played a large part in Suter's indifferent stock-market rating in recent years.

If, as expected, Suter recommends an approach from Ascot worth about 230p a share today, Mr Abell's 3 per cent stake will net him £9m. Although the deal is being portrayed as a merger, it is thought unlikely that he will play an active executive role in the combined group.

After a patchy record in the early 1990s, Suter has grown steadily since 1992 when it made profits of £16.3m.

Profits of £29m are forecast for the year ending in December. Analysts have said that a fair value for the group was over 200p but it has only rarely traded above that level in the past five years.

A bid from Ascot would mark the end of Mr Abell's 18-year association with the former Suter Electrical, a maker of salon hairdrying equipment, which he bought into in 1978 while still working for British Leyland where he had built his early career. Treasurer of the state-owned car maker at just 29, he joined the main board only three years later.

## David Lloyd takes back seat at firm he founded

JOHN SHEPHERD  
Business News Editor

David Lloyd is relinquishing his executive responsibilities at David Lloyd Leisure, the fitness and tennis club business bought by Whitbread almost a year ago for £200m.

He will devote more time to Britain's Davis Cup team and, according to sources, also considering starting a similar business in Australia.

The former British tennis star, who is abroad on business and unavailable for comment, has informed staff at David Lloyd Leisure that he will step down from being executive to non-executive chairman from 1 January next year.

Mr Lloyd, a source said, has already signed a new contract to replace the three-year rolling contract he agreed with Whitbread when it bought David Lloyd Leisure. Under the terms of the old contract, he stood to reap £740,000 over the three years to 1998.



Down under: David Lloyd is looking at new opportunities

likely to be a period of adjustment," Sir Michael told shareholders.

Questioned yesterday about Mr Lloyd's decision to dilute his commitment to the David Lloyd business, a Whitbread spokesman said: "Over the next few months he will hand over his executive responsibilities to other members of the board."

"David Lloyd Leisure's vigorous expansion plans will continue with the complete personal support of David Lloyd." Executive control of the business will go to Steve

## Stagecoach in Scandinavian bus takeover

CHRISTIAN WOLMAR  
Transport correspondent

Stagecoach, fresh from announcing record profits earlier this week, yesterday said it was in the final stages of taking control of Swebus AB, the largest bus company in the Nordic region.

The company, which runs 8,300 buses in the UK and abroad, is set to take over Swebus if final negotiations are successful. The two companies signed a letter of intent yesterday but Swebus, which is currently owned by the Swedish national railways, retains the right to talk to other bidders should the negotiations break down. Swedish analysts have valued the company at between 1.1bn and 1.5bn Swedish kronor (£100m to £150m). Last year, it made a profit of 111m kronor (£9.2m) on turnover of 3.2bn kronor.

Swebus has 3,500 buses and operates in Norway, Denmark and Finland as well as Sweden. The privatisation was forced on Swedish railways by the Swedish government, which wants the organisation to focus on rail services.

The acquisition will be Stage-

coach's first in northern Europe, although the company already operates buses in several countries including New Zealand, Malawi, Kenya, and Portugal.

Stagecoach is thought to have beaten off competition from the French CGEA, FirstBus, and a Swedish holding company.

News of the pending Swebus deal helped shares in Stagecoach to buck the depressed stock market yesterday. But while Stagecoach's shares climbed by 10p to 456p, just 1p below the high for this year, the price of FirstBus eased by 5p to stand at 146p - only 5p above the this year's low.

The purchase fits in with the expansion plans which chairman Brian Souter announced earlier this week in presenting the annual figures, which showed the company making profits of £45.6m from turnover of slightly more than £500m.

Mr Souter said he wanted to increase Stagecoach's turnover to £2bn by the end of the decade, compared with its current annualised level of around £770m. Mr Souter expressed doubts about buying many more British bus companies as he felt prices were too high.

## PolyGram stuck in the groove

MATHEW HORSMAN  
Media Editor

PolyGram, the music and film giant controlled by Philips, yesterday underlined the sluggish state of the music business worldwide, unveiling first-half net income south of about 272m guilders (£105m). But the results still exceeded analysts' expectations and helped raise the shares of London-listed competitor Thorn-EMI, which reported mixed quarterly figures on Monday.

Analysts also cheered comments by Alain Levy, PolyGram's US-based president, who said the normally stronger

second half would benefit from a better release schedule of potential hits and higher results from the film business.

Sales were up 7 per cent year on year in the half, touching 4.3bn guilders. North American revenues were higher than the average, helped by breakthrough releases from new artists such as Jann Arden and Tracy Bonham.

The number of 1 million-plus sellers reached 15 in the half, compared with 12 in the same period last year, although the 13 million albums only managed 13 million units, compared to 17 million last time.

The film business continues

to grow, although it is still in loss as the company pushes into major film-making. Operating losses dropped to 37m guilders from 46m last time.

Mr Levy emphasised further profits would flow from secondary markets, including home video.

PolyGram last week lost its bid for the MGM studio, being sold by Credit Lyonnais. The company said it would continue looking for acquisition targets for its film business, and would seek a US distributor.

Mr Levy also said he was looking to expand the company's production and library holdings.

## Heavy investment pays off at Reuters

## THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Reuters presentations may be about as much fun as an undertakers' convention, surprising for a company supposedly in the communications business, but there is no faulting the company's performance. Investors who bought Reuters shares five years ago have almost quadrupled their money even if the price has slipped in recent months. The shares fell 25p to 703p yesterday but that was due more to market jitters than any concerns about the company's numbers.

The interim figures were particularly impressive given the company's investment in its new generation of information and deal-making systems, Reuters 3000, launched earlier this month. Pre-tax profits rose 19 per cent to £342m in the six months to June on sales up 11 per cent. A slowdown in growth in the second quarter was partly due to the consolidation in the banking and fund management markets which has hit new installations. But the theory is that, once the consolidation settles down, the stronger banks will use more Reuters products.

The big event of the year is Reuters 3000, which the company has spent three years and £70m developing. The screen-based system, designed to steal a march on competitors such as Bloomberg, offers a wealth of in-depth analysis to professional users. It is also priced around 5 per cent higher than its predecessor, Reuters 2000.

The other issue that should be settled is the fate of the company's £800m cash pile which is set to grow to around £1bn by the end of the year. A share buy-back or special dividend is anticipated by the end of the year, though it is thought the company is ironing out a few tax wrinkles for institutional shareholders. When Reuters conducted its last share buy-back - £350m in 1993 - institutions received a tax credit.

There were only a handful of disappointments in the figures. The half-year contribution from the Americas was hit by slower revenue growth though the company continues to invest heavily there. Revenues from media products were also affected by the reduction in the stake in London

News Radio whose figures are no longer consolidated in Reuters accounts. The other worry is the 31 per cent rise in central costs. This was due to more in-house product development but also higher litigation expenses which the company declined to explain.

Even after its investment in Reuters 3000, the company is still investing heavily. The next 18 months are set to be one of increased capital investment, coming on top of the £143m spent in the first half. Panmure Gordon has upgraded its full-year forecast from £685m to £692m, putting the shares on a forward rating of 24. That is a pretty fancy rating for a company whose earnings are expected to grow

## Unit trust sales boost LAL

There are few better signs of the top of a bull market than surging unit trust and PEP sales - as market cynics like to point out, when the private investor gets round to investing heavily in the stock market it is normally a clear signal to the professional to pull out for a while.

If you believe that argument then

at only about 13 per cent for both of the next two years, but selling Reuters has never been a sensible option.

better-than-expected figures from Lloyds Abbey Life yesterday presented a worrying augury. A 28 per cent jump in pre-tax profits to £259.2m (compared with expectations of, at most, about £235m) was driven by sales in the core Abbey Life and Black Horse Financial Services arms of pooled investments and savings plans.

Sales of unit trusts jumped in the first six months from £139m to £312m, almost as much as the group sold in the whole of last year. There was a 77 per cent rise in regular contribution Peps.

The biggest surprise in LAL's figures for the six months to June was provided by Lloyds Bank Insurance Services, which provided an unexpected 33 per cent jump in profits as policies to back unsecured loans boomed.

Lloyds Abbey Life is plainly enjoying a long overdue uptick in trading and longer-term saving trends are acting in its favour. But in the short term, the interest in LAL's shares lies in the result of ongoing negotiations regarding the future of the two-thirds stake in the company held by the newly merged Lloyds TSB group.

Whether the parent chooses to buy out the minority at a premium, or simply eliminates overlaps with the former TSB bancassurance operations, the result should be good for LAL. The shares have had a tremendous run since bottoming out at little over 300p at the beginning of 1995, so at 535p, up 8p, much of the good news is already in the price. With a forecast yield this year of 5.5 per cent, however, the shares are nicely underpinned.

emergency lighting and security niches and from its own ability to squeeze costs and steal market share from its competitors.

Profits of under £2m 10 years ago grew last year by a healthy 12 per cent from £11.5m to £12.9m despite what chief executive Roger Fletcher described as the most difficult year the group had encountered for many years. After a 10 per cent increase in earnings per share to 17.94p, the dividend, which has grown every year over the past decade, jumped 13 per cent to 5.75p.

One of the attractions of Menier's markets is that in the long run they are driven by legislative changes, with directives from Brussels demanding ever tighter standards in the workplace when it comes to emergency lighting and fire alarms.

Implementation of these new rules could take many years, but it will underpin growth in the medium term.

The group also has a good record of acquiring underperforming businesses and turning them around. Last November, when Menier acquired security group Scantronic, there was a great deal of cynicism about whether it had bitten off rather more than it could chew and opened itself to potential black holes.

In the event the deal seems to be working out extremely well and has created a useful third leg for the group.

Yesterday's results, together with confirmation that Menier is pulling the plug on a troublesome German subsidiary, sent the shares 25p to 270p.

That reversed a marked underperformance over the past month as the market worried about a gloomy trading statement from Thorn Lighting, slightly unfairly as the two companies are not really comparable.

Forecast profits of £15.6m to next April, followed by £17.3m for 1998, put the shares on a prospective price/earnings multiple of 13 falling to 12.

Compared with the growth rate, that is not demanding and the shares are marginally undervalued.

COMPANY RESULTS				
	Turnover £	Pre-tax £	EPS	Dividend
Allied Textile (t)	167m (±3.3m)	5.4m (±1.1m)	£ 1p (7.8p)	2.6p (12.5p)
Burbury (f)	56.2m (±2.4m)	8.4m (±1.0m)	13.8p (20.3p)	5p (1)
Bulfinch (f)	162m (±16m)	4.23m (±2.5m)	2.05p (4.44p)	1.17p (1.75p)
Electro-Data (f)	289m (±23m)	13.0m (±5.28m)	25.35p (14.36p)	4.75p (4.15p)
Lloyds Abbey Life (t)	1.45bn (±1.22bn)	259m (±202m)	24.7p (18p)	8.2p (7.3p)
Mervier-Swain (f)	100m (±5.1m)	5.58m (±1.1m)	11.6p (15.3p)	5.75p (5.1p)
Mitac Investment (f)	4.77m (±16.6m)	2.12m (±7.17m)	7.57p (±23.77p)	0.3p (1p)
Reuters (t)	7.44bn (±1.25bn)	542m (±258m)	14.6p (12.2p)	2.35p (2.3p)
Robinson (f)	177m (±55.8m)	10.3m (±3.7m)	13.3p (11.1p)	6p (5.3p)
Sageon Consulting (f)	4.04m (±3.33m)	0.60m (±0.19m)	3.1p (0.9p)	2p (1.75p)
Vanguard (f)	62.4m (±7.7m)	2.4m (±0.4m)	4.67p (11.37p)	4.05p (4p)

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## The weight of world golds falls on NationsBank

## CITY DIARY

JOHN WILLCOCK

NationsBank has had the weighty job of storing the 1,844 Olympic medals at the Atlanta Games until the award ceremonies. The baubles weigh a total of 1.518lbs and were transported to NationsBank's vaults in Atlanta by UPS.

Over 10,000 athletes from 197 countries are competing for the medals. It doesn't look as if Great Britain will be making many withdrawals from the NationsBank vaults, on present form, at least. Come on Linford.

It is surely a significant moment in the gender wars when a woman who once appeared in a pantyhouse advert can send world stock markets crashing simply by saying a correction is overdue.

Wall Street strategist Elaine "Go-Go" Garzarelli, who rose to fame after predicting the 1987 stock mar-

ket crash, said the market could fall by 15 to 25 per cent below the June highs. Ironically Garzarelli acquired her nickname "Go-Go" in the 1980s for her bullish stance. She has run her own show since 1994, when Lehman ended her out because her \$1.5m pay package was too heavy a burden.

Garzarelli isn't alone in forecasting doom, but she seems to be unique in her impact. Five weeks ago Gail Dudack, senior US equity strategist with UBS, forecast a 16 per cent sell-off on the Dow. In April, Byron Wien, a market strategist at Morgan Stanley in New York, predicted a 1,000 point fall. But it was Elaine the markets listened to yesterday.

There is only one thing to be done. Someone must persuade George Soros to announce that he is buying equities.



Nations' golds: 1,518lbs of medals were deposited in NationsBank's vaults in Atlanta for the Olympic games

Howard Davies, deputy governor of the Bank of England, had great fun teasing management consultants Arthur Andersen yesterday, as the Bank announced a big expansion of its supervision department.

Andersens had helped on

planning the move, and Mr Davies told journalists at the start of the press conference: "We're all available to answer questions. But I have to warn you that in our experience, Andersen's may well charge you for any answers they give."

Which drew a laugh, and

Described by colleagues variously as a bon vivant, very sharp, a good operator, fun loving, a workaholic, tough, a fanatical Scottish rugby supporter and a genuinely nice guy - Graham Kane yesterday joined the board of investment regulator Inuro.

Mr Kane, 39, is managing director of Morgan Grenfell Investment Funds, and his retail experience in the investment bank's unit trust operation is what drew Inuro's notice. Before joining Morgan Grenfell three years ago, he was managing director of Société Générale Touche Renneaux UTM, but left when it merged with the Henderson group.

If ever the shine comes off Mr Kane's career - which it shows no sign of doing, I hasten to add - he is well placed to bounce back. His wife runs her own head hunting agency.

caused some discomfiture for the Andersen's partner on display, John Tiner. When one Observer journalist subsequently asked Mr Tiner a question, Mr Davies interjected: "You are prepared to pay for an answer? With the Observer you're never quite sure about the money side."

Mr Davies got his just desserts when he was asked: "OK then, how much did you pay Andersen's?" At which point the deputy governor refused to give any answer at all, paid for or not.

One of the more important appointments announced yesterday by the Bank of Eng-

land was that of Paul Tucker, a 38-year old high flyer who has been fast-tracked through nearly every department in Threadneedle Street.

A spokesman for the Bank describes Mr Tucker depressingly as "one of the brightest people in the Bank, actually."

A Cambridge Maths graduate, Mr Tucker moves from heading the gifts division to take over the Monetary Assessment and Strategy Division from 1 January next year. He has already spent three years as former Governor Sir Robin Leigh-Pemberton's private secretary. A tip for future Governor, perhaps?



# Confident Clarke makes his boom come true

## COMMENT

'Falling share prices are a reminder that even Tory chancellors in desperate need of votes have to think about the future consequences of their policies'

Ken Clarke has for some time been confidently predicting a surge in consumer spending in the next 12 months. It looks as if he was right. He is a confident chap by nature, of course, but it is becoming hard to shake off the suspicion that he can be particularly certain about this forecast because he plans to make sure it comes true.

Call those teenage scribbles in the City naive, but many of them had begun to believe that Mr Clarke had broken the mould of Conservative chancellors. The election cycle could be consigned to the dustbin of history thanks to the monetary policy arrangements and the limits the rhetoric of reducing the size of government placed upon tax cuts – or so the argument went.

It looks a forlorn case now. Tax cuts announced in last November's Budget delivered in April the biggest one-off boost to consumer spending power since the late 1980s. Few believe there will be no reduction in income tax this November.

In a belt and braces move, the Chancellor also cut the cost of borrowing in December, January, March and, catching most analysts on the hop, in June. There is an outside chance he will do so again next week. For all that the City reckons each successive reduction increases the risk that Mr Clarke would have to raise interest rates again before the election, there is actually little danger of this. The inflationary consequences of a consumer spree will take two or three years to emerge, as they did in the late 1980s.

The only obstacle to a pre-election boom lies in the financial markets, which will demand minimal policy credibility. Falling share prices are a reminder that even Tory chancellors in desperate need of votes have to think about the future consequences of their policies.

## Somerfield in danger of being left on shelf

The first casualty of the faltering markets could well be the flotation of the supermarket group Somerfield. By last night just 30 per cent of the shares on offer had been subscribed for despite some heavy-weight arm-twisting by Somerfield's broker, NatWest Markets.

If there is a further decline today then advisers Kleinwort Benson will surely have little option but to advise Somerfield chief executive David Simons to pull the float. That would make the offer one of the biggest casualties of a weak market in recent years. But if it does fail it would be wrong to blame it solely on the markets. The institutions have been sniffy about Somerfield for some time and their caution was reinforced by the profits warning last week from Iceland. Last Friday's cut in the price of this issue, rather than making Somerfield look more attractive, merely served to underline those worries.

The story yesterday, hotly denied of

course, was that NatWest had been doing the rounds of the banks that hold debt in Somerfield's parent company Isoco, suggesting that if they wanted to see their loans repaid they might like to ensure the success of the flotation by subscribing for shares.

It is a tricky call. Banks understandably dislike swapping debt for equity because it does not pay interest and ranks at the bottom of the creditors' pile. On the other hand, if the flotation is aborted then the management, all of whom are on big bonuses, could easily jump ship and leave Somerfield to implode, in which case the debt would be worth very little.

Kleinwort has until this evening to underwrite the offer. Unless there is some fancy footwork or the markets rebound, the odds do not look good.

## Bank makes sure buck stops at the top

Accountability will now begin at the top both in the banking and securities worlds. The Bank of England plans to ask chief executives and chief financial officers to submit an annual statement of whether effective internal controls have been maintained in their organisations. The auditors are likely to be asked for a similar piece of paper.

Since many of the recent collapses and frauds, and especially Barings, have been

ultimately due to the failure of top management to install proper controls and keep them up to scratch, this could prove one of the Bank's most significant changes.

The intention is not in the first instance to prepare a trap for chief executives, hanging them out to dry when things go wrong, with their signed statements as the evidence.

Howard Davies, the deputy governor masterminding the improvements in the supervision department, believes that first and foremost the new procedure will concentrate senior minds on their responsibilities.

But those bits of paper will certainly make it easier to nail management deficiencies in some future Barings. Coincidentally, the plan has been adopted in the same week as the Securities and Futures Authority considers new rules that also make sure the buck does not stop until it reaches the top.

Mr Davies' review makes lots of sensible proposals for improving the efficiency and effectiveness of supervision. It also rejects extremism – yes, even supervision has those – who either want a supervisory team installed permanently in every bank or who want to abolish the whole process and leave the soundness of the financial system to caveat emptor and the market's judgement.

But the most disturbing aspect of the review is the revelation in the Arthur Andersen report of a dejected supervision department with dreadful morale and inadequate expertise and experience. Mr Davies must

be hoping there are no banking disasters to overtake him during the three years he expects the overhaul to take.

## Morton looks at life after Eurotunnel

Can it really be true that Sir Alastair Morton is quitting Eurotunnel after nine tumultuous years? Notwithstanding yesterday's announcement that he is to be succeeded as chairman by Robert Malpas, there will be plenty of bankers, contractors, ministers, ferry operators and, yes, journalists, who won't quite bring themselves to believe it until he has been physically removed.

Love him or loathe him, there can be little doubt that without Sir Alastair the tunnel would never have been built. There is now just the small matter of the timing of his departure which is intended to coincide with the satisfactory completion of debt rescheduling negotiations with Eurotunnel's 225 banks. Sir Alastair says he would be disappointed if he were still with Eurotunnel this Christmas but given the history of these negotiations no one should be surprised at anything.

His successor will inherit a transport system which, though used predominantly by Brits, is becoming increasingly French in ownership and management. Which just leaves the question of what Sir Alastair will do for an encore. Who knows, there might soon be a vacancy for a new chairman at P&O.

# Costain's mines sale falls through

CHRIS GODSMARK  
Business Correspondent

Costain, the troubled construction group, produced another unpleasant surprise for its long-suffering shareholders yesterday when it revealed that a deal to sell its US coal businesses had fallen through at the eleventh hour. Just three days ago investors were told at an egn, where they backed a controversial rescue plan, that an agreement to sell the mines had been reached.

A statement said that since Monday's egn the "proposed purchaser has informed Costain that, in the context of its own business objectives, it has decided not to proceed. The Board remains committed to the successful sale of the US Coal business and is reviewing a number of options which are available to it."

Costain's finance director

John Campbell said the news had come to the board on Monday night, after the egn had finished. "We didn't know about it beforehand and were astonished, because we thought things were on course." Shareholders had been told agreement in principle to sell the coal businesses had been reached on 12 July.

Yesterday City analysts were not impressed by the explanation: "This is the latest shambles in the Costain saga," one said. "Shareholders have every right to be upset at what appears to be another blunder by senior management." Shares in the group, which resumed trading after the egn vote, fell 0.5p to 51p.

Costain has refused to reveal the identity of the buyer for the coal businesses, though analysts have suggested it was another US mining firm. Negotiations had continued for an "extended period" and a due diligence survey had been carried out. The

asking price for the mines was estimated to be between £40m and £50m.

Costain insisted the collapse of the deal would not affect its survival plan. Intra, a Malaysian construction firm, is underwriting a three-for-one rights issue at 50p a share to raise £73.6m. It gives Intra a stake of up to 40 per cent stake. One of Costain's largest shareholders, Khararafi, a Kuwaiti construction firm, with a 19 per cent stake before the refinancing had voted against the rescue plan.

The coal mines, which are in Kentucky, made a small profit in 1995, but had been heavily loss-making and were considered one of a series of poor investments made by Costain during its disastrous acquisition trail in the 1980s.

Mr Campbell said last night that banking facilities were in place to allow the coal business to continue trading.



'Vindicated': Sam Chisholm is glad to give undertakings

# BSkyB deal with OFT wins mixed response

MATHEW HORSMAN  
Media Editor

The UK cable industry yesterday gave a mixed and at times angry response to new undertakings between BSkyB and the OFT over the supply of pay-television programming to cable operators.

As revealed in the *Independent*, the OFT yesterday confirmed it will impose new conditions on the pay-television giant, including the obligation that it unbundle its channel offerings to cable companies and that any channels supplied need only go to 80 per cent of customers, rather than 100 per cent. The OFT has also insisted that BSkyB produce a rate card for its video encryption service, ensuring fair and open access for all broadcasters.

In return, the company, 40 per cent owned by Rupert Murdoch, has avoided a reference to the Monopolies and Mergers Commission. In announcing

the changes, which followed a six-month inquiry, OFT director general John Bridgeman said that "although BSkyB is not acting anti-competitively the competitive process is being impaired".

BSkyB hailed the announcement as vindication of its approach to the cable television marketplace. "We are grateful to have had the opportunity to put the record straight on a number of pre-conceptions about BSkyB's behaviour," Sam Chisholm, chief executive, said yesterday. "We are happy to give undertakings which give reassurance that these pre-conceptions are not backed up by any intent on BSkyB's part."

A new rate card will be produced by BSkyB in coming weeks, which will be circulated to cable operators for consideration.

The changes will allow cable operators to repack channels in response to consumer demand, and to allow customers

to select fewer channels. "This is very much a step forward," a source at Videotron, a leading cable operator, said yesterday. "The undertakings show that the OFT has begun to understand the problems in the market."

But Bell Cablemedia, one of the companies leading the complaints against BSkyB, said it was disappointed the satellite broadcaster had been permitted to "demand that cable deliver any basic channel taken to 80 per cent of its customer base, irrespective of customer choice". Another cable operator said: "This is a whitewash, and the OFT has just passed the buck."

The OFT said that BSkyB's control of satellite transponder capacity in the UK was a matter for European regulators, while its exclusive deals with the Premier League would be looked at by the Restrictive Practices Court. It added that it would keep a watching brief on BSkyB.

## IN BRIEF

• The House of Commons Select Committee on Trade and Industry will hold five new inquiries in the next few months, including investigations into telecommunications regulation and the liberalisation of the energy market. Among the energy regulation investigations will be one into the regulatory implications of mergers of companies combining electricity, gas and water activities. The all-party committee will also look at the Post Office and the Department of Trade and Industry's expenditure plans for 1996/97 to 1998/99. On the Post Office, MPs will examine the implications of the possible loss of its letters monopoly and the future of Parcelforce.

• Building society members who vote for their societies to convert into banks and grab the free shares or cash they are offered will be worse off in the long run, according to the Consumers Association. Its research suggests that building societies offer consumers better deals than banks for savings, loans, mortgages and satisfaction over current accounts, and the smaller societies have generally done best of all. At the same time, there is no evidence that banks are more efficient than building societies, but there is good reason to believe building societies who convert to banks will favour shareholders ahead of customers.

• The Office of Fair Trading will publish its report on private medical insurance policies this morning. It is expected to welcome increasing competition and call for clearer literature to allow customers to make fair comparisons between the various products and the different providers. It is likely to remind consumers that premiums inevitably escalate as they get older and recommend providers agree to pay up on policies if existing conditions have not returned for at least two years.

• Virtuality, the virtual reality technology specialist, saw its shares fall 56p to 177p yesterday after the company blamed soft entertainment markets and software compatibility problems for a delay in its expected move into profits. Analysts believe the company will remain in the red this year but believed profits forecasts of up to £3.2m for 1997 were still valid. Key to profits will be the success of sales of virtual reality headsets in Japan where they are due to be launched in September. *Market Report*, page 20

• Hoechst plans to hive-off its German pharmaceuticals business into an independent company to be called Hoechst Marion Roussel Deutschland, as the first step towards spinning-off its entire global pharmaceuticals business. Hoechst Marion Roussel Deutschland will have 6,300 employees and annual sales of about Dm2.6bn (£1.1bn).

• British Rail has sold its last rail-maintenance business, Western Track Renewals, to Glasgow-based Relayfast, the same management buy-out team which last February bought the first of BR's Infrastructure Services business to be sold. Scottish Track Renewals, Western TRC has 430 employees and a turnover in 1995/96 of £32.7m.

• Stead & Simpson, the privately owned footwear group, has acquired 39 branches of Freeman Hardy Willis, Mansfield and Truform from Price Waterhouse, receivers to the collapsed Facia group. All branches will be converted to the Stead & Simpson name over the next 12 months.

• British Steel said results for the first quarter matched expectations although selling prices of most steel products, especially stainless steel, had been declining and were now close to the low levels reached in 1993. "However, a better price environment should develop for producers by the autumn when the intensive destocking of recent months in the industry's supply chain in mainland Europe will be largely completed," said British Steel chairman and chief executive Sir Brian Moffat at the agm.

• Cortec International has signed a deal with Cambridge University to develop a bacterial manufacture and delivery system for vaccines. Under the agreement, the university has licensed exclusively to Cortec the commercialisation rights to the human medical applications of the microbial technology. The system under investigation uses an innocuous bacterium, *Lactococcus lactis*, used for the manufacture of fermented dairy products, Cortec said.

# Receivers pull plug on Escom

NIGEL COPE

Receivers pulled the plug on the failed Escom computer stores yesterday, closing more than 150 shops. The closures bring the total number of job losses at the group to 850 after 260 staff were made redundant last week.

Staff at 113 Escom shops and 43 concession outlets were informed on Tuesday afternoon. The stores closed with immediate effect.

Deloitte & Touche, appointed as receivers to the group last week, took the decision due to a "lack of serious interest" in purchasing the business as a going concern.

No offers were received for the whole group. The receivers also blamed disappointing trading results and the high cost of continuing to trade.

Though as many as four parties had expressed interest in buying parts of the group, it is understood they were interested only in small numbers or in buying stock. Geoff Saunders, Escom's former commercial director had been expected to mount a management buyout but no offer was made.

Negotiations are continuing with groups interested in buy-

ing single stores or small groups. Deloitte could not confirm if Mr Saunders was among the interested parties.

Prior to yesterday's announcement the receiver said it had received 60 expressions of interest with most targeting single stores. Receiver Nick Dorgan said: "It is disappointing that the business as a whole cannot be sold but, given the oversupply in the retail computer market and rapidly declining margins in the sector, it was always a possibility."

Mr Dorgan said discussions were continuing with a number of parties regarding the sale of the property portfolio. This could see a similar property deal to the one last year in which Escom took control of the former Rumbelows chain closed by Thorn EMI.

One of Escom's problems was that it had mostly small stores in high street locations while most electrical retailers are opening large out-of-town superstores. Escom was also trying to sell its little-known own-brand products at a time when the competition among the largest brand name computer manufacturers has been at its most cut-throat.

# University sues Glaxo over Epivir

JOHN WILLCOCK

Glaxo Wellcome says it would vigorously fight a patent infringement suit brought against the company yesterday by Atlanta's Emory University over a new AIDS treatment called 3TC.

The university's suit seeks damages on the sale and distribution of 3TC, which Glaxo licenses from BioChem Pharma and sells as Epivir in the US. BioChem Pharma is a Canadian research company and is also being sued by Emory.

Glaxo's shares finished the day in London down 27.5p to 884p, having dropped 31.5p in mid-afternoon.

Emory said yesterday that the US Patent and Trademark Office had granted the Georgia-

based university a patent on 3TC. It said its scientists had discovered the process by which 3TC is made. It acknowledged, however, that BioChem Pharma discovered the compound from which the drug is derived. Glaxo refused to say whether it would be prepared to settle with Emory. Analysts said that even if the drugs companies lose the suit, it probably wouldn't hit profits or sales badly.

Typically in such cases "process" patent holders can get 1 to 2 per cent of sales, although it is unclear whether any such settlement would come from Glaxo Wellcome or BioChem Pharma. It is understood that Glaxo already pays a royalty on the drug to BioChem of 14 per cent.

# Keeping you posted:

## Customer advice about the Postal Strike

During the postal strikes, 24 hour telephone banking at First Direct will continue without interruption. However, some services by post may be affected and we have made special arrangements to keep inconvenience to a minimum.

## Dates of the strike

Industrial action is due to take place on the following dates:

• Friday 26th July (24 hours)

• Wednesday 31st July to Friday 2nd August (48 hours)

• Tuesday 6th August (24 hours)

## Sending cheques by post

Since cheques sent by post will inevitably be delayed please use your nearest branch of Midland Bank to pay in urgent credits.

We regret that customers in Scotland may find this difficult due to limited access to Midland Bank branches. Sterling credits can be made at other banks, but you may find you are charged for this.

## Travel Orders

The despatch of First Direct Travel Orders (foreign currency and travellers cheques) will not be affected during the postal strike. Orders will continue to be despatched by registered post. Please note that where delivery to an address has been unsuccessful the sorting/collection offices will be open for collection.

## Sterling and foreign drafts

If you request either sterling or foreign drafts from us we can arrange for you to collect them from your nearest Midland Bank branch. Certain Midland Bank branches will need at least 24 hours notice prior to collection. If you specifically request First Direct to post your draft you may experience a delay in receipt.

## Cards/PINs/Cheque Books

For obvious security reasons, newly ordered cards will not be collected by the Royal Mail after a specified time in advance of the strike. This should ensure that

unsigned new cards are not in the Royal Mail offices during the strike periods. You may therefore experience delays in receiving your cards. Receipt of your PIN and new cheque books may also be affected.

## Standing orders and direct debits

Again, direct debit mandates and standing orders posted to us will be subject to delays during the strike period. To avoid this we encourage you to set up standing orders with us by telephone.

## Account Transfers

If you are transferring your bank account to First Direct from another bank there may be a delay in us receiving your previous bank account's balance in the post. If this happens extended credit facilities can be discussed with you. Transfers from Midland Bank to First Direct will be unaffected by the strike.

## Mortgages

If you are arranging your mortgage through us and are concerned about delays, your dedicated mortgage counsellor will be happy to discuss this with you.

## New Customers

You can apply to become a customer of the UK's leading 24 hour telephone bank anytime, we're always open. If you apply during the postal strike you may experience delays in the receipt of application forms to and from ourselves. Wherever possible, we'll advise you of these.

If you are an existing customer and have any queries, call us on:

**0345 100 100**

If you are not a customer and would like to know more about First Direct please call us on:

**0800 24 24 24**

first direct



## market report/shares

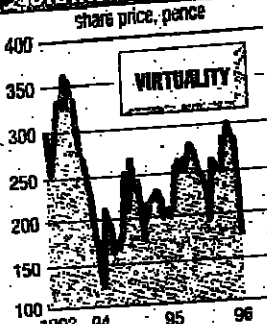
## Media hard hit as 'Gazza' gazes into her crystal ball

TAKING STOCK

## DATA BANK

FT-SE 100  
3668.8 -39.6  
FT-SE 250  
4182.0 -54.9  
FT-SE 350  
1838.0 -20.8  
SEAO VOLUME  
579.0m shares,  
26,845 bargains  
GILTS Index  
93.10 +0.33

## SHARE SPOTLIGHT



Gazza returned to cause havoc yesterday, almost a decade since the influential prodigy first burst on to the international scene.

The Gazza in question, however, is not the one who wears three lions on his shirt, is prone to excessive in-flight "refuelling" and got married to Cheryl the other day.

No, the Gazza doing the damage again is Elaine Garzarelli, a former Lehman Brothers strategist best known for calling the 1987 stock market crash.

On Tuesday, in a sudden change of heart, she warned clients of further declines in the value of US stocks. Shares might fall by 15-20 per cent from their recent peaks, she said. Since May, Wall Street has fallen by more than 7 per cent while the technology-dominated Nasdaq index is down 16 per cent since June.

Ms Garzarelli, who enjoys a

big following in the US investment community, expects corporate profits to slow later this year and in 1997, largely because companies' cash flow is deteriorating.

While not the first stock market guru to turn bearish on Wall Street in recent weeks, her comments were quickly seized on by investors on both sides of the Atlantic.

The bearish mood in London was underlined by stronger-than-expected growth in UK retail sales in June which revived fears that the next move in interest rates could be up. At one stage the Footsie was almost 65 points down, but recovered to close a net 39.6 weaker at 3,668.8.

Hardest hit were highly rated growth sectors such as media. Reed International fell 35p to 1066, Pearson shed 19p to 621p and Reuters, was off 25p to 703p after warning the launch of the 3000 range, its



## MARKET REPORT

PATRICK TOOHER

new financial information system, would hit revenues in the short term.

The sector has been the centre of renewed bid speculation this week, but the absence of any such developments sent Yorkshire Tyre-Tees Television, a rumoured target for Granada, 23p lower to 1205p while BT, supposedly being lined up by Carlton, dipped a penny to 338p.

Another big decline among blue chips was Glaxo Wellcome, down 27.5p to 884p after Envoxy University of Atlanta filed a patent infringement suit seeking damages on the sale and distribution of 3TC.

Glaxo's new Aids treatment, Biotechnology stocks were also out of favour. Casualties included British Biotech, 98p weaker at 1,970p, Chromscience, off 13p at 313p and ML Laboratories, 15p easier at 360p.

It was a bad day for a hi-tech stock to issue a profits warning and Virtuality was suitably dlobbered. Shares in the virtual reality head-set manufacturer crashed 56p to 177p as the company warned it would not make its maiden profit this year. Rival VR group Division fell 5p to 73p in sympathy.

Bullough was also in the doldrums. Shares in the office furniture group tested their

five-year low, falling 13p to 86p, after the interim dividend was cut and problems in France were highlighted.

Elsewhere, dealers noted switching into underperforming, high-yielding shares like National Grid (1.5p up at 171.5p), P&O (unchanged at 494p) and Allied Domecq, steady at 426p.

British Energy was an active issue with 15.4 million shares traded as private investors finally received their share certificates and, if they applied for 300 shares or more, a small cheque in the post. The partly-paid shares, which were oversubscribed two weeks ago, were firm at 97p.

Buyers returned to Thorn EMI after Tuesday's disappointing first-quarter results from its music division. The shares were the best performers in the Footsie, adding 19p to 1714p after rival Polygram produced better-than-expect-

ed figures. Lloyds TSB, reporting tomorrow, retreated 4.5p to 328.5p. Analysts at Lehman Brothers think the figures should underline the strength of the enlarged banking group even before merger savings begin to accrue.

Preliminary results from security and emergency lighting group Menver-Swain were well received with the shares adding 25p to 270p and UBS reiterating its positive stance.

Mini-conglomerate Sater, led by David Abell, confirmed earlier market speculation that it was in talks with Ascor Holdings, formerly Nazmu Virani's Control Securities. The former closed up 27p at 196.5p, while the bidder finished 8p weaker at 361p. Ascor is expected to launch a 230p per share offer this morning.

Epic Multimedia continued its good run this week, notching up another 7p to close at 85p.

Stentor fell 14p to 171p. The Dublin-based telecommunications group has been riding high since floating on AIM in April. Recent interconnection deals with AT&T and an affiliate of US Cable Corporation, one of America's largest cable operators, mean Stentor can now offer value-added services not available on rival networks such as Telecom Eireann. Broker Shaw & Co thinks this is not reflected in a market value of £12m, an excellent price on one of the fastest growing sectors of the booming Irish economy.

Engineer Widney is splashing out £1.7m on Palcon, which designs, makes and installs control panels for heating, ventilation and air-conditioning systems. The deal is seen as enhancing earnings by up to 15 per cent next year and the lowly-rated shares rose 4p to 77p.

## Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 20 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: Ex rights & dividend 15p, all a United Securities Market's Suspended

pp Partly Paid pp Nil Paid Shares: £ AIM Stock

Source: FT Information

The Independent Index

The index allows you to access real-time share prices by phone from Seag. Simply dial 0891 233 335, followed by the 4-digit code printed next to each share. To access the latest financial reports for 1995, followed by one of the two-digit codes below.

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UK Stock Market Report 01 Bullion Report 05 Water Shares 39

UK Company News 02 Vast 5 Report 20 Electricity Shares 40

Foreign Exchange 03 Tokyo Market 21 High Street Banks 41

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For assistance call our helpline 0171 873 4375 (9.30am - 5.30pm).

Calls cost 25p per minute (cheap rates), and 40p at all other times. Call charges include VAT.

Market leaders: Top 20 volumes

Stock Volume Stock Volume Stock Volume Stock Volume

British Energy 900000 General Elec 900000 British Gas 60000 Shell Transport 40000

BT 1000000 Hanson 900000 British Steel 60000 BSA 40000

Burns 900000 Pearson 900000 Lloyds 60000 BP 40000

Bank of Scotland 300000 WPP 900000 Asda Group 60000 Ladbroke 40000

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# Internet's tangled money Web worries central banks

When the Bank of England set up its home page on the World Wide Web three months ago, the first e-mail it received came from an Internet surfer in California. The inquirer had, appropriately, a question about the concept of legal tender.

Appropriate because the aspect of the Net that could turn out to be most vexing for the Bank, and other central banks, is the development of electronic money. A working party set up by Europe's monetary authorities is looking into the implications of cyber-transactions.

One City of London economist thinks these implications could turn out to be grave. Stephen Lewis, at the London Bond Broking Company, says: "If a large proportion of transactions in the economy were to migrate from traditional banking channels to the information superhighway, there would be a clear threat to law enforcement and to the financial foundations of government. Ordered society might be imperilled."

This is strong stuff, so it is well worth exploring electronic money in some detail. There are two main categories to think about. One, the better established, is the electronic purse. Mondex is probably the best-known example. It is a smart card with extra cells and whistles that allow money to be transferred to a bank account to be transferred to the card and subsequently drawn on for small transactions. In effect it is like a telephone card except that it can be used for making a wide variety of payments.

The electronic purse is therefore much like a debit card, and is designed to save using cash in low-value transactions. Just like debit cards, they have no particular conse-



ECONOMIC VIEW  
DIANE COYLE

quences for monetary policy beyond the fact that they might change the proportion of cash people use in their spending - in other words, the velocity of circulation of narrow money. Technical changes such as cash machines and cash-back have changed this velocity dramatically, anyway. It is not something that causes central bankers to lose sleep.

The chief worry about electronic purses is their security. The European working party has concluded only authorised credit institutions

of these are conducting transactions in an existing currency, mainly dollars. Others, linked to local exchange trading schemes, use their own, new monies.

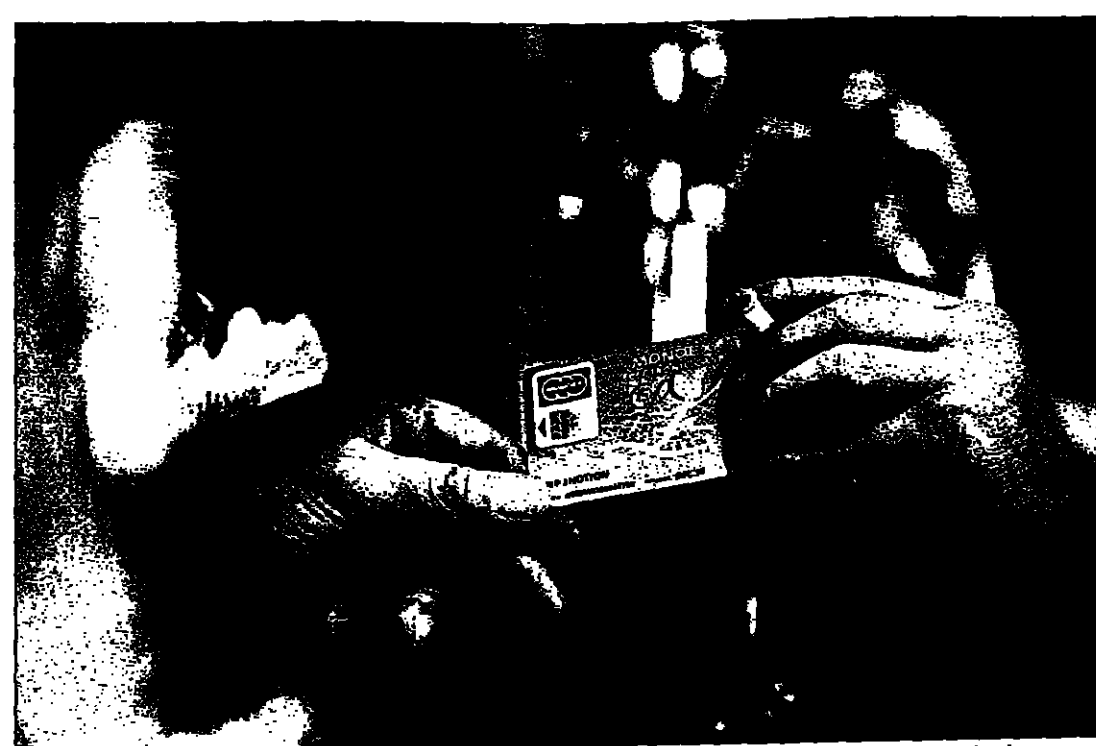
One reason the cyber-banks ought to worry the central banks is the difficulty of monitoring what is happening on the Internet. It would be easy for this banking activity to go almost completely unmonitored.

As things stand, there is no possibility of collecting statistics, never mind regulation or supervision, on

exploitation of Internet banking for tax evasion, money laundering and fraud. Mr Lewis says: "You might imagine that all the risky business would graduate onto the Internet quite naturally." There is no technical reason why this should not already be taking place. The main barrier, to fraud at least, is most people's healthy distrust of on-line security. After all, there are people who still distrust cash machines and credit cards. And it is only in the latter half of this century that banks managed to persuade a majority that their money was safer on deposit than in a sock under the mattress.

A longer-term difficulty for the authorities will stem from the further development of barter systems using newly created currencies on the Internet. These are linked to rapidly expanding local exchange trading schemes (LETS), the local barter schemes where people in a community trade goods and services they produce themselves. For example, one LET has a unit of account called the nolla which has the characteristics of money - it is a unit of account, a medium of exchange and a store of value.

If there were enough such schemes, the conventional money economy could be progressively undermined. This would mean, not only that it would be near-impossible to run monetary policy, but it would be much harder to raise taxes too. Tax is already a thorny issue with LETs. In principle, the activity they generate is subject to income tax. But how do you value the made-up units of measurement, the modern-day equivalent of cowrie shells, for tax purposes? And how much harder would it be to keep track of this sort of activity on the Internet?



Slow take-up for Mondex in Swindon, but Internet credit could take off Photograph: John Lawrence

The irrepressibly pessimistic Mr Lewis says: "How would the tax authorities ever be able to raise the revenues to fund national defence in this kind of economy?"

It has to be said that the central banks - even the Bundesbank, which is most alarmed about electronic money - are not nearly so gloomy about the potential implications. The American authorities are quite keen on it, partly because it is administration policy to embrace the information superhighway, partly

because American retail banking is not as technologically advanced as in Europe.

The Bank of England is content to keep an eye on developments, partly because it thinks the spread of both electronic purses and cyber-banking will be very slow. Even if it expanded rapidly, it would still account for only a tiny proportion of the money supply for a long time because it is starting from near zero.

Perhaps this is right. After all, the initial Mondex trial in Swindon,

which ended recently, was not marked by a huge take-up of the electronic purses.

Yet the Bank could be in for a surprise over the speed with which Internet transactions take off. It is a phenomenon onto itself, with an estimated million new users a month, and something whose utility those users swiftly discover. After all, from that first inquiry on day one, the number of daily hits on the Bank's own Web page has grown to 75-100, and climbing.

## Internet banks could make unwise loans, resulting in a credit crunch

should be allowed to issue electronic purses, and that central banks should scrutinise the security features of the cards. They should also make sure statistics on their use are collected.

It is the other category of electronic money that worries people like Mr Lewis more. That is straight banking on the Internet - not so much going on-line to access your normal bank account as the development of new banking activities.

A cursory search of the World Wide Web reveals at least a dozen cyber-banks, sporting names such as Digicash, NetChex and the First Virtual Holding Company. The European Union has its own electronic money trial, the Cafe project. Some

of these are conducting transactions in an existing currency, mainly dollars. Others, linked to local exchange trading schemes, use their own, new monies.

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### Foreign Exchange Rates

Country	Spot	1 month	3 months	D-Mark
US	155.42	6-4	6-3	1000
Canada	2.322	11-4	10-3	13720
Germany	2.221	48-41	140-30	14577
France	7.874	32-15	385-394	52095
Italy	2357.3	48-63	142-68	1572
Japan	167.88	75-70	225-216	10602
ECU	12.284	5-11	45-40	12852
Belgium	47.666	12-7	32-25	30670
Denmark	6.970	16-16	44-25	57376
Netherlands	2.2857	65-67	107-10	127
Ireland	0.0826	7-3	20-14	16142
Norway	9.8389	42-50	120-60	42866
Spain	165.74	21-31	69-86	12534
Sweden	10.92	0-1	1-3	15579
Switzerland	1.8940	54-46	162-162	122
Australia	1.9257	67-65	125-67	12647
Hong Kong	10.76	101-61	234-70	77335
Malaysia	3.6683	0-0	0-0	24577
New Zealand	2.2328	43-57	133-155	14365
Saudi Arabia	5.2898	0-0	0-0	37505
South Africa	2.2015	0-0	0-0	1484

### Other Spot Rates

Country	Spot	Dollar
Argentina	15255	0.9867
Australia	167.88	10.693
Brazil	15686	10.081
Canada	2.322	10.081
China	5.2094	3.4051
France	7.874	10.693
Germany	2.221	10.081
Greece	368.18	236.84
India	55.251	335.50
Kuwait	4.056	0.9867

Forward rates quoted high to low are at a discount; rates quoted low to high are at a premium. Rates quoted are for 12 months. For the latest foreign exchange rates call 0891 123 3033. Cable cost 36p per minute (cheap rate) 48p off-peak.

### Interest Rates

UK	5.75%	Germany	2.50%	US	6.75%	Japan	5.00%
Base	5.75%	2.50%	6.75%	5.00%	5.00%	5.00%	5.00%
Intervention	3.55%	2.50%	7.00%	5.00%	5.00%	5.00%	5.00%
Discount	8.25%	2.50%	5.00%	10-day Repo	7.25%	5.00%	5.00%
Advances	2.80%	2.50%	3.25%	Repo (Avg)	5.00%	5.00%	5.00%

### Bond Yields

Country	5yr yield %	10yr yield %	Country	5yr yield %	10yr yield %
UK	7.1%	7.2%	Netherlands	6.1%	6.3%
Germany	6.1%	6.3%	Spain	7.4%	6.7%
France	6.1%	6.3%	Italy	9.4%	8.7%
Japan	5.51%	5.8%	Belgium	7.4%	6.7%
Australia	6.1%	6.3%	Sweden	7.4%	6.7%
Canada	5.1%	5.3%	ECU	6.1%	6.3%

### Money Market Rates

Interbank	4% 6	7 Day	1 Month	3	6 Months	1 Year
Shilling CDs	4%	5%	5%	5%	5%	5%
Local Authority Depos	4%	5%	5%	5%	5%	5%
Discount Market Depos	4%	5%	5%	5%	5%	5%
Treasury Bills (91)	4%	5%	5%	5%	5%	5%
Dollar CDs	4%	5%	5%	5%	5%	5%
ECU Linked Dep	4%	5%	5%	5%	5%	5%

### Tourist Rates

Country	Spot	1 month	3 months
UK	155.42	6-4	6-3
Germany	2.221	48-41	140-30
France	7.874	32-15	385-394
Italy	2357.3	48-63	142-68
Japan	167.88	75-70	225-216
ECU	12.284	5-11	45-40
Belgium	47.666	12-7	32-25
Denmark	6.970	16-16	44-25
Netherlands	2.2857	65-67	107-10
Ireland	0.0826	7-3	20-14
Norway	9.8389	42-50	120-60
Spain	165.74	21-31	69-86
Sweden	10.92	0-1	1-3
Switzerland	1.8940	54-46	162-162
Australia	1.9257	67-65	125-67
Hong Kong	10.76	101-61	234-70
Malaysia	3.6683	0-0	0-0
New Zealand	2.2328	43-57	133-155
Saudi Arabia	5.2898	0-0	0-0
South Africa	2.2015	0-0	0-0

### Life Financial Futures

Contract		Settlement price	High/Low for day	Est/Conts
Long Oil (Sep 96)	(Sep 96)	10.31	10.25-10.35	5579
Short Oil (Sep 96)	(Sep 96)	10.31	10.25-10.35	5579
Long Gold (Sep 96)	(Sep 96)	388.8	388.8-388.8	361
Short Gold (Sep 96)	(Sep 96)	388.8	388.8-388.8	361
Long Silver (Sep 96)	(Sep 96)	16.88	16.88-16.88	376
Short Silver (Sep 96)	(Sep 96)	16.88	16.88-16.88	376
Long Copper (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Copper (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Aluminum (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Aluminum (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Zinc (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Zinc (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Lead (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Lead (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Nickel (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Nickel (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Platinum (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Platinum (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Palladium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Palladium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Rhodium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Rhodium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Iridium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Iridium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Osmium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Osmium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Ruthenium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Short Ruthenium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Selenium (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
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Short Nickel (Sep 96)	(Sep 96)	1.68	1.68-1.68	376
Long Platinum (Sep 96)	(Sep 96)	1.68	1	



# England troubled by loss of Lewis

**Swinb**  
**the p**

leaver will not

to raise 294 for 9 after having slumped to 145 for 8. The slow left-armers Richard Illingworth took 4 for 64 for Worcestershire. Northants had twice seemed to be in a position to make more of an easy-paced pitch. The openers Alan Fordham (29) and Richard Montgomerie (34) were relatively untroubled in a stand of 53 and Kevin Curran (40) and David Capel (32) put the conditions into perspective with a partnership of 54.

ation Amateurs' Handicap after promising Newcastle's owner, Stan Clarke, that they would do something to celebrate his purchase of the track.

[illegible]

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[illegible]



## Racing

### GREG WOOD

## Weaver will

Despite the success of Michael Hills, Jason Weaver has decided not to appeal against a seven-day ban imposed by the Beverly stewards on Monday for irresponsible riding. The ban runs from 31 July to 6 August, which means Weaver will miss the last four days of Glorious Goodwood next week.

Weaver made his decision after consulting with his retained trainer, Mark Johnston. "It was a very hard decision," Johnston said. "As a matter of principle,

# Will not appeal

## SIS grow away from Chrysalis

**Swinburn: Back on track next month but not certain to link with Sheikh Maktoum** Photograph: Ray Wright

# Harbour is Ebor favourite

Celceric was yesterday offered at 12-1 by leading bookmakers to continue his improvement and secure the £100,000 Ebor Handicap at York on 21 August, but his trainer, David Morley, warned punters contemplating a bet on the four-year-old to hang fire.

Morley said: "I wouldn't want anyone to back the horse until much nearer the time." Other possibilities for Celceric are the Lonsdale Stakes at York, and a pattern race at Deauville.

Celceric landed a gambler winning the Northumberland Plate and supplemented the Plate at York this month. But he risen 11lb in the ratings since Plate win and William Hill Ladbrokes take the view the gelding faces a stiff task being allotted 9st 7lb in weights published yesterday.

Both firms make Ha Ha Dues, an eye-catching, Ascot third and allocated 8lb, the 7-1 favourite for the mile six furlong handicap.

## SIS grow away from Chrysalis

I would have appealed. I didn't feel that the stewards took into account the side-on film.

"At the same time, we felt the chances of success were not worth Jason taking another day off from riding. He is having enough days off as it is."

■ Mick Channon was fined £750 by the Jockey Club's Disciplinary Committee yesterday for a passport mix up that prevented Bride's Reprisal, owned by the wife of Kevin Keegan, racing at York in May.

Satellite Information Services to set up its own wholly-owned television outside-broadcast operation to supply pictures from racecourses after the end of its Chrysalis contract in May 1993.

SIS chairman, Geoff Lorne, said the decision had been reached for "strategic reasons." "We have been entirely satisfied with the performance of Chrysalis over four and a half years but we are confident this is the right way ahead for SIS," he said.

continue by leading bookmakers to maintain his improvement and secure the £100,000 Ebor Handicap at York on August 6, his trainer, David Morley, warned punters contemplating a bet on the four-year-old to hang back.

Morley said: "I wouldn't want anyone to back the horse until much nearer the time." Other possibilities for Celeric are the Lonsdale Stakes at York, and a pattern race at Deauville.

Plate and supplemented at York this month. But he risen 11lb in the ratings since Plate win and William Hill Ladbrokes take the view the gelding faces a stiff task after being allocated 9st 7lb in weights published yesterday.

Both firms make Hades Dues, an eye-catching Ascot third and allocate 8lb, the 11lb favourite for the mile six furlong handicap

## SANDOWN

**5.00:1 CHERRY CHAPPY** (K Deane)  
Timeash 9-1; Fav. 3; My Goodies  
ma 1-6, 10 (Chapman, York).  
ma 1-6, 10, 22, 30, DF: 18.  
125.63, Throat: 160.18, Top: 68.  
Placepot: 221.90, Quasipote: 161.  
win 6: 117.67, Place 5: \$4.71.

■ **Bin Rosie tackles the Prix Jacques de Bremond**, a mile at Maisons-Laffitte. Richard Hughes' mount won on five rails.

■ **Paul Kelleway's Harrier**. Peter Ocean Ridge was yesterday's seven acceptor. The Group Two Prix Rodin over five furlongs lands at Maisons-Laffite.

[illegible][illegible][illegible]

**CHIEFPOST**

**HYPERION**

**6.30 Risky Rose 6.55 The Swan 7.25 Battledie  
7.55 Malibu Man 8.25 Shadow Lead 8.55 King  
Parrot**

**GOING: Good to Firm.**

**STALLS: Straight course - stands side; round course - inside.**

**DRAW ADVANTAGES: High up to 1 m.**

**● Left-hand, undulating course.**

**● Course is an A406, Chepstow station (Cardiff - Gloucester line)**

**1st A. ADRESHION: Club 14.5; Tattersall's 10 (54P.55), Course 15 (DAPS 55), C&R PARK: Free.**

**55**

**WIDENEST PERIOD TIME: Spurred The Word (sicored) (6.30).**

**WINNERS IN THE LAST SEVEN DAYS: None.**

**LONG-DISTANCE BUNNIES: FIVE (6.30) - 10 (54P.55) has been seen 235 miles by C W C Eley from Mather, N York; Northern Class (6.30) sent 218 miles by W W Eschey from Sherill Union, N York.**

**6.30**

**LYSAGHT AMATEUR RIDERS HANDBICAP  
(CLASS G) £3,000 saddle 11m 4f**

**1 33022 GENERAL MOUNKER (p) (m) 8 Mather 6 12 0.**

**5 Miles 11m 29 3**

<b>7.55</b>		<b>GLASS ALPHABET</b>		<b>(CLASS E) Listed \$137</b>		
		<b>COLLECTOR (FIBRES) 1m 2Fy 3Sp</b>				
		<b>BATHING (S) 100 W R Route 3.85</b>				
	1	5-45	<b>MIN ALPHABET (S) 100 W R Home 3.85</b>			
	2	21-26	<b>PACIFIC GROVE (S) P Coln 3.85</b>			
	3	1411-22	<b>PACIFIC (S) 1m Dcd 3.85</b>			
	4	345-21	<b>PAINT (S) 1m Dmsh 3.85</b>			
	5	2251-04	<b>PAINT (S) 1m Dmsh 3.85</b>			
	6	2251-04	<b>PAINT (S) 1m Dmsh 3.85</b>			
	7	1-694	<b>SEIK MASQUE (S) 2Fy 3P Chpdy 1H</b>			
			<b>2 Pacific</b>			
<b>BEETING: 2-5 Mts Albino, 11-14 Papagay, 10-14 Dablin</b>						
<b>6-3 Papaya, 20-1 Sills Hmsh, 30-31 Pacific</b>						
<b>7.55</b>		<b>JACK LINGER BOOKM.</b>		<b>HANDICAP (CLASS E) \$7</b>		
		<b>added 5F</b>				
	1	020034	<b>TWINK OSMATION (S) 100 W R Sd</b>			
	2	020033	<b>WALSH NAR (S) 100 W R 4.9</b>			
	3	050002	<b>WALSH NAR (S) 100 W R 4.9</b>			
	4	452-005	<b>WALSH NAR (S) 100 W R 4.9</b>			
			<b>500001 NAR (S) 100 W R 4.9</b>			
	5	550106	<b>JOHN CHRISTIAN (S) 100 W R 4.9</b>			
	6	1-02000	<b>JOHN CHRISTIAN (S) 100 W R 4.9</b>			
	7	050008	<b>JOHN CHRISTIAN (S) 100 W R 4.9</b>			
	8	050056	<b>TORNEY TEMPER (S) 100 W R 4.9</b>			

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**IDENTITIES**  
**1 +**  
**RESULTS**

981
982
983
984

**SCORE**  
**970**

W1234567

every hope of doing better than last year's two newcomers - the Thoroughbred who could be the surprise package being by Michael's brother, the Lady Heme. Michael's looking for the don't side, while the odds are out of a spinner.

**AR STAKES (CLASS A) (Listed)**  
1 mile 7f 18yds Penalty Value £3000

1. **Donor A** 10/10 J. Donor 9/0  
2. **Donor B** 10/10 J. Donor 9/0  
3. **Donor C** 10/10 J. Donor 9/0  
4. **Donor D** 10/10 J. Donor 9/0  
5. **Donor E** 10/10 J. Donor 9/0  
6. **Donor F** 10/10 J. Donor 9/0  
7. **Donor G** 10/10 J. Donor 9/0  
8. **Donor H** 10/10 J. Donor 9/0  
9. **Donor I** 10/10 J. Donor 9/0  
10. **Donor J** 10/10 J. Donor 9/0  
11. **Donor K** 10/10 J. Donor 9/0  
12. **Donor L** 10/10 J. Donor 9/0  
13. **Donor M** 10/10 J. Donor 9/0  
14. **Donor N** 10/10 J. Donor 9/0  
15. **Donor O** 10/10 J. Donor 9/0  
16. **Donor P** 10/10 J. Donor 9/0  
17. **Donor Q** 10/10 J. Donor 9/0  
18. **Donor R** 10/10 J. Donor 9/0  
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## sport

## Cruyff's move to United in jeopardy

Football  
ANDREW MARTIN

Manchester United's move for Jordi Cruyff appeared to have faltered yesterday after Barcelona insisted the deal was on hold because the Dutchman had insisted he should move to Old Trafford for free.

The United manager, Alex Ferguson, returned home from Spain yesterday convinced he had secured the unsettled son of the former Barcelona manager, Johan Cruyff, for £1.35m.

However, later in the day a spokesman for the Catalan club said: "Relationships between the two clubs have been broken after the player insisted that United must pay nothing to us."

The 21-year-old Dutchman, one of only a handful of Netherlands players to impress during Euro 96, is keen to leave the Spanish club since his father was replaced by former England manager Bobby Robson as coach last season.

"I think in the end the deal

will be made because Barca are very eager to get rid of me," Jordi said. "If I stay, they'll make it tough. They can't stand to see my face. The real reason is they don't want any Cruyff around, but they won't say that. Things have certainly not been easy for me since the departure of my father as coach."

One transfer deal that appeared to have gone through yesterday took a surprising turn when Nigel Martyn opted to join Leeds United instead of Everton, who believed they had signed the coveted Crystal Palace goalkeeper.

Leeds' interest in Martyn had stalled when a takeover row prevented any cash being made available. However, the sale of Gary McAllister to Coventry City for £3m facilitated the former England goalkeeper's switch to Elland Road.

Palace, meanwhile, have been ordered by a transfer tribunal to pay £400,000 for the Southampton midfielder Neil Maddison. The Saints themselves will have a tribunal decide the fee for the

21-year-old Stoke midfielder Graham Potter, who moved to The Dell yesterday.

A former Palace player was recruited by Glenn Hoddle yesterday. The new England coach has appointed Peter Taylor as the first full-time manager of the under-21 team. Taylor, capped for England in the 1970s, will combine his role with scouting duties for Hoddle while Dave Sexton will remain as a senior advisor to the England Under-21 coaching staff.

The Welsh international midfielder Jeremy Goss has travelled to Edinburgh to secure a move to Hearts. The free transfer from Norwich quit Charlton on Monday for "personal reasons" only a couple of days after agreeing to join them.

The Vauxhall Conference champions, Stevenage Borough, are to appeal against yesterday's High Court ruling that denied them promotion to the Football League after the judge agreed with the club's argument only to say they had brought the action too late.



Wanted man: Jordi Cruyff's move to Manchester United is in doubt after Barcelona put the deal on hold yesterday

Tyre refusal  
riders fined  
and banned  
Speedway

Thirteen leading riders have been given the heaviest fines in the history of speedway and thrown out of this year's World Championship.

The riders, including the England internationals Carl Stonehewer, David Norris and Simon Cross, were punished after refusing to ride in the World Championship overseas final in Coventry last month on new solid block tyres which they claimed were dangerous.

The decision was taken by a three-man disciplinary panel of FIM, the sport's world governing body. The riders were fined £2,200 and banned from all FIM World Championship events between now and the end of the year. They were also banned from all international competitions for the next nine months, although this has been suspended for two years.

## McGeechan to coach Lions

Rugby Union  
DAVID LLEWELLYN

Ian McGeechan has completed an unprecedented hat-trick by being appointed as coach of the British Lions tour of South Africa next summer.

McGeechan has long been ac-

knowledgeable as one of the finest coaches in the northern hemisphere and yesterday's announcement by the four Home Unions committee - England are still a part of that - merely confirmed that.

The 49-year-old McGeechan, who as director of rugby at Northampton, guided the club into the Courage League First Division last season with a 100 per cent record, is himself a former British Lion. Furthermore he has tasted success in South Africa, having gone to the Republic in 1974 when Willie John McBride captained them to a 3-0 series win - the only time in eight visits that they have done so.

Last night McGeechan said: "The southern hemisphere teams are throwing down an awesome challenge to Europe, but we have to play our game

in another way and at another pace next season at club and international level to give us the fullest possible preparation for taking on the Springboks. Down there the Lions are regarded as the third force in world rugby."

McGeechan's record as coach is testament to his tactical and motivational skills. He masterminded the British Isles 1989 2-1 triumph in Australia, and the Lions - again under McGeechan - went close in New Zealand four years later. In between there was the little matter of a Scotland Grand Slam, when McGeechan plotted the downfall of England at Murrayfield in 1990. The meticulous McGeechan, who coached Scotland from 1988 to 1993, won 32 Scottish caps at centre and fly-half in addition to eight Lions' appearances.

Along with manager Fran

Cotton, a Lions colleague from the Seventies, he will be allowed to have a say in the appointment of an assistant, who will be in charge of the forwards during the gruelling, 13-match tour which incorporates three Tests against South Africa in Cape Town, Durban and Johannesburg in late June and early July 1997.

In announcing the appointment of the former Yorkshire Schools cricketer and geography and PE teacher, the Four Home Unions committee statement emphasised that unity prevails on their front. It read: "Amid the continuing uncertainty about the future of the Five Nations Championship the tours committee of the four Home Unions...has received renewed undertakings from all four unions of their unequivocal and wholehearted support for the tour."

Wakefield deny  
Griffiths switch

Wakefield rugby union club yesterday denied that their former England Under-21 flanker Jonathan Griffiths has switched odes to join Paris St-Germain of the Super League.

The 24-year-old has attracted attention from several top sides, but Wakefield's secretary, Jim Coulson, denied there had been any contact with the French club.

"Jonathan Griffiths is contracted to play for Wakefield Rugby Union Football Club and I must stress that we have had no contact with Paris St-Germain over the player," said Coulson.

Reports had suggested that Griffiths had decided to follow the ex-London Broncos Australian second row, Justin Bryant, as the French club's second major signing of the week.

## Cougars and Larder to go separate ways

Rugby League

Keighley are parting ways with their England and Great Britain coach, Phil Larder, who claims the Cougars cannot afford to hold on to him. Larder will be released when his contract runs out at the end of this season.

The move comes just weeks after millionaire businessman Carl Metcalfe bought the club and promised to plough funds into improving the facilities at Cougar Park.

Under Larder, Keighley finished as Second Division champions and winners of the divisional premiership in 1994-95. They were runners-up in last season's Second Division and are on target to finish as runners-up in the First Division championship.

Larder followed Ellery Hanley as the national team coach. He led England to the Super League European Championship in June and is due to head Great Britain's end-of-season tour to Papua New Guinea, New Zealand and Fiji.

Following an investigation into last Saturday's Super League match between Warrington and Bradford a report is to be forwarded to the Rugby Football League chief executive, Maurice Lindsay.

The investigation followed two brawls and damage to a pitchside camera estimated at £100,000. The cameraman was taken to hospital for checks and there was criticism of the referee, Stuart Cummings, after the match by Warrington's coach, John Dorahy.

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**1 THE INDEPENDENT**

**PLAY FORMULA 1 DREAM TEAM**  
WIN a drive in a grand prix car

Formula 1 Dream Team is just like Fantasy Football: you pick and manage your dream grand prix team to score points over the season.

Even though the grand prix season is underway, it is not too late to join in: pit your wits against other enthusiasts and you could win our overall 1996 champion's prize, a drive in a Formula One car plus additional prizes for each race.

Your team must comprise three drivers, a chassis and an engine: your budget is £40 million. Make your selections from the grand prix shopping list (printed right); the only restriction is that your third driver must come from the £1 million category.

Details of how to enter are given on this page. You can enter a team at any point during the grand prix season but the earlier you enter, the greater your chances of being our overall champion. Remember, there are prizes for the winning Dream Team in each individual grand prix so you can enter a different team for each race.

**HOW YOU SCORE**  
Points are awarded per race to the top six finishers, based on the Formula One World Championship points scoring system (10, 6, 4, 3, 2, 1) but with an extra 10 points awarded to each of the top six finishers. All drivers are eligible to score for a top six finish but can also notch up extra points as follows:

- The fastest driver in race-day warm-up will collect six points, with five for the second and so on down to one point for the sixth quickest.
- Drivers score one point for each place they make up over their grid position. Points are not deducted by losing places.
- Five points are lost if your driver posts first retirement, four for second down to one point lost for the fifth retirement.
- If your driver makes the quickest pit-stop (from the entry of the pitlane to the exit) you gain five points.
- If your driver sets the fastest lap time in the race, you gain five points.
- If your driver receives a stop/go penalty, you lose five points.
- If your driver starts on pole position, you gain five points.
- The Independent will name a Driver of the Day after each race for a particularly impressive performance, worth five points.
- Non-qualification for a grand prix loses you two points. If a driver is on the

**DREAM TEAM TOP PRIZE**  
The Dream Team manager with the highest number of points at the end of the Grand Prix Championship season will win our top prize - a drive in a 650bhp F1 car. You will be flown to the AGS team's training school in the south of France for the most exhilarating experience of your life. The school specialises in F1 courses and provides all the racewear and instruction you will need for a day driving F1 and other single seat cars.

**GERMAN GRAND PRIX PRIZE**  
The Dream Team manager with the highest number of points following the German Grand Prix will win a trip for two to the Belgian Grand Prix. Our winner and partner will spend a two-night break in Brussels over the August Bank Holiday weekend. On Sunday you will be taken to the Spa circuit where you can watch all the action from your grandstand seats.

**HOW TO ENTER**  
Choose your Dream Team from the shopping list on this page. Remember, you must choose three drivers (the third from the £1 million section), one chassis and one engine. You must not exceed your budget of £40 million.

Give your team a name and register it by ringing 0891 891 805. You will immediately be asked the entry question: How many races are there in this year's Formula One World Championship?

To enter your Dream Team details you can use one of two methods.

Method 1 uses a tone phone that lets you key in the code numbers of your driver, chassis and engine choices. The computer will check that your team falls within budget and is eligible.

Method 2 uses a non-tone phone and you give your details verbally. A budget check is not possible using this method.

When you have registered your Dream Team, you will be asked to predict the number of points this year's champion will notch up over the year. In case of a tie at the end of the season, the nearest figure to the champion's points will win the top prize. In the event of a further tie, the team that registered first will win.

Once you have registered your team you will be asked for your name, address and telephone number. Your team selections plus your personal details will be played back to you and, when you confirm that they are correct, you will be given a PIN number.

This is confirmation of your entry and will enable you to access the score checking line.

There is no limit on the number of teams an individual can enter, but only one team can be registered per call.

**CHECKING YOUR SCORE**  
You can check your team's position at any time by calling 0891 891 806 and quoting your PIN number. If you want to know the individual driver, chassis and engine scores from the most recent race, call 0891 891 807. This line will also list the Top 50 Formula One Dream Teams.

**Rules**

1. All telephone calls are charged at 39p per minute (cheap rate, 49p per minute at all other times, with a typical call to secure your entry lasting between five and seven minutes).
2. The deadline to be included in a particular race is midday the Friday prior to that race.
3. The judge's decision is final, no correspondence will be entered into and there is no cash alternative for prizes.
4. Employees of Newspaper Publishing Plc, Haymarket Publishing Ltd and all associated companies and their families are ineligible.
5. Entrants must be 18 or over and residents of the UK or the Irish Republic.
6. To be eligible for the main prize, you must hold a current driving licence, be no more than 1.95m tall and weigh no more than 220lbs.
7. All scores will be worked out according to the official FIA time sheets produced at the meeting. The values stated for drivers, engines and chassis bear no relation to real life.
8. In the event of a tie for the Dream Team Top Prize or for any of the individual race prizes, the team that registered first will win.
9. For lost PIN numbers please call: 0891 891 808. For our Helpline call: 01275 344183.
10. The Top 50 Teams Line, list, the top 50 teams from the last race. Both the Team Position Check Line and the Results & Top 50 Teams Line will be updated at 2 pm on the Monday following a race.

**Shopping List**

DRIVERS	41 Williams
£25m	£18m
1 M Schumacher	42 Ferrari
£23m	£15m
2 J Alesi	43 McLaren
3 D Hill	£14m
£20m	44 Sauber
4 G Berger	45 Jordan
£18m	£10m
5 D Coulthard	46 Ligier
6 E Irvine	£6m
7 J Villeneuve	47 Tyrrell
£13m	£5m
8 M Hakkinen	48 Arrows
9 H H Frenzen	£3m
£10m	49 Minardi
10 M Brundle	£1m
11 R Barrichello	50 Forti
12 J Herbert	
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13 M Salo	
14 P Lamy	
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15 P Diniz	
16 U Katayama	
17 J Verstappen	
18 O Panis	
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19 L Badoer	
20 R Rosset	
21 A Montanari	
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23 V Sospin	
24 J-C Boulton	
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31 K Burt	
32 E Collard	
33 N Fontana	
34 D Franchitti	
35 N Lanni	
36 J Magnussen	
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39 K Wendlinger	
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ENGINE	
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54 Peugeot	
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55 Mugen	
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56 Ford V10	
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57 Yamaha	
£4m	
58 Hart	
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59 Ford Zetec V8	
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60 Ford ED V8	
1996 RACE SCHEDULE	
German GP	
July 28	
Hungarian GP	
August 11	
Belgian GP	
August 25	
Italian GP	
September 8	
Portuguese GP	
September 22	
Japanese GP	
October 13	

\*Not competing in German GP but may compete later

**DREAM TEAM registration: 0891 891 805** **TEAM POSITION CHECK LINE: 0891 891 806**  
**RESULTS & TOP 50 TEAMS: 0891 891 807**







sport

# Hardcastle heads for final in good heart

You have to go back to the Los Angeles Olympics in 1984 since a British woman reached a swimming final, so Sarah Hardcastle's qualification for tonight's 800 metres freestyle was worth a serious mention in dispatches.

The Bracknell swimmer has insisted since she came out of a six-year retirement in 1992 that she would not be putting herself through the chore of training if she did not believe she could win a medal. Yesterday she reinforced that belief, winning her heat with the fourth fastest time, 8min 37.54sec.

"I'm 27, I'm the first [British] woman in a final for 12 years and it's my personal best since I came back. I'm very happy. It's quite an achievement for a little country like Britain which doesn't get much support."

Hardcastle, a silver and bronze medallist at Los Angeles, was a yard behind for the first half of the race but her metro-



By Guy Hodgson

nomie stroke bears down on opponents, even illustrious ones such as the world record holder, Janet Evans. Slowly she reeled in the three women ahead of her and at the bell attacked. "I knew if I kept on Janet's shoulder, I could take her on over the last little bit. I wasn't worried about the time, getting into the top eight was the priority."

Barely a day goes by without Michelle Smith being the focus of attention. Yesterday she managed to make the world sit up by a novel method that did not involve her blazing away from all her opponents. This time she had an injury scare and a missing drugs test sample.

Ireland's double golden girl has developed a slight back

strain, which probably stems from the number of times this week she has had to stoop to allow another medal ribbon to be placed round her neck. In addition her preparation methods were also questioned by her national medical officer, Dr Joe Cummings.

"She has an injury in the high part of her back caused by the amount of training she does," he said.

Cummings was also irritated that the results of a drugs test on Smith had not been announced. "These should have come out 24 hours ago," he said, "but when we ask the IOC's medical commission they say they are waiting for the right batch. We are confident Michelle is negative, she has been tested 11 times in the last 12 months."

In the heats for the 200m individual medley yesterday, she did what she has been doing all week. Won. Indeed, just about every other swimmer in Atlanta

is trying to do their training as badly as she does.

Sue Rolph, for one, who was in the lane beside Smith and so was in the privileged position of watching her toes disappear into the distance. The difference on this occasion was 2.51sec, 2:16.30 against 2:18.81.

James Hickman also had the misfortune to be in the presence of greatness yesterday. The Stockport swimmer, who broke the British record for the 200m butterfly on Monday, set a personal best for the men's 100m butterfly with 53.73sec. In a heat in which Australia's Scott Miller broke the Olympic record with 52.9, he was fifth and missed the final by five places.

This meant that Nick Gillingham was the only British qualifier for last night's finals, in the 200m breaststroke. The 29-year-old winner of a silver and bronze medals in the last two Olympics was fifth fastest in 2:14.96.



Zsolt Varga, of Hungary, is grabbed by Yugoslavia's Vaso Subotic in the water polo yesterday Photograph: David Ashdown



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## 'Unnatural' ready to go the distance

There is no better chance for a British gold in the pool than the Scotsman with a prodigious appetite for hard work. Guy Hodgson reports from Atlanta

As if Olympic swimming had not heard the name "Smith" enough this week, Michelle Smith, who has drawn controversy and gold like a magnet, will continue to command attention; tomorrow night a namesake may deflect some of it his way.

Graeme Smith (no relation) today begins his assault on the toughest race of them all, the 1500 metres, with a better than average chance of a medal in tomorrow night's final. He is the fastest in the world this year and, with Nick Gillingham, arrived in Atlanta as one of the two British swimmers with genuine hopes of taking gold.

It is a burden of anticipation for the quietly spoken Scot who now lives in Stockport. His event does not have the glamour of the shorter, faster distances, and he does not carry the natural, confidence-oozing demeanour of a champion. Not at the moment, anyway.

When Smith talks about his biggest rival, Australia's Kieren Perkins, he is almost in awe. "He's a different class," he said. "Even the time I did in the trial, 15min 05.43sec, was 23sec slower than his best. Anyone can have an off-day, but you'd expect him to get a gold medal."

Off-days have been coming too often recently for Perkins - Barcelona gold medallist in the 1500m and silver in the 400m - who failed to make it through the Australian trials in the 400m. It is this apparent weakness in the world record holder that reinforces Smith's hopes. A medal is dangling in front of him as a reward for 12 months of concentrated training that has included missing out a year of study at Manchester University.

Smith, 21, gets up at 5.30am to slog through a daily regime that would make a marine blanch. Weight training is the easy bit because he also pounds up and down the pool to the tune of 80,000 metres a week. A massive food intake is required to fuel the effort, and he eats around three times what the normal person tucks away. As a consequence, his lean frame has put on a stone in muscle over the last year.

"Sure, it's a chore sometimes," he said, "but the Olympics only come round every four years and you get one or two chances at them in a lifetime. You have to give it your best shot."

"Sometimes I think it would be nice to do the 50m; certainly the workload is lighter. But it wouldn't appeal to me knowing one mistake and that's it - you are talking about hundredths of a second making all the difference. In the 1500m, something can go wrong and you can do something about it."

Smith was born in Falkirk but moved to the Manchester area as a two-year-old. He is fêted in the land of his birth, but his accent is more *Coronation Street* than *Take The High Road*, and the only sign of his roots are his football allegiance. He supports Liverpool simply because Scotland's Graeme Souness and Kenny Dalglish were at Anfield in his formative years. "It seemed the natural thing to do."

Swimming did not come naturally to him, however. At first he took to water like a duck to ice but once he overcame his initial, clumsy reluctance, it was obvious he had talent. Initially he inclined, like all kids, towards the flashier events. He was quick and wanted to be a sprinter, but he was not jet-propelled enough. The move to swimming's equivalent of the marathon came as the realisation dawned.

"At 12, I qualified for 100m rather than the 400m in the national age groups," he said. "But when I was 15, my coach, Dave Calleja, told me to specialise in longer distances. He said one day it would come, together, and it did."

Four years ago Smith was a silver medallist at the junior European championships and in 1994 he reached the final of the World Championships. Unlike Michelle Smith, he has not come from nowhere. His opponents know all about him and the steady progress he is making. It is how he will perform with Olympic attention focused on him that intrigues.

"Only six people have broken 15 minutes," Smith, who is hanging against that barrier, said, "and only three of them are in Atlanta. There's a chance of a medal. Let's get to the final first."

That should be an intriguing contest because both he and Perkins prefer to begin quickly, burning rivals off with an initial, lung-busting burst of speed. In the first two past-the-post trials in Sheffield, Smith set off like it was a 200m race and had ensured his position on the plane to Atlanta at about a quarter into the distance.

Smith remembers the race well. "Paul Palmer, who also qualified, spoke to me afterwards and said: 'I'm not going in one of your races again; you go out too fast.' Perkins will be trying to do the same, so it should be interesting."

It will. In a week when British medal contenders have not exactly been plentiful, he is the genuine article. Scotland's Smith is poised to join Ireland's version on the podium.

### Dallal's virtuoso performance

Omar Dallal, the 15-year-old who finished 34th and last in the men's 400 metres freestyle after swimming the last length of his heat alone, still managed to set a Jordanian national record in the process.

"I was so lonely at the end," he said. "I realised the last 30 to 35 metres I was the only one left behind but I just remembered I came to do a job and I wanted to finish."

The other two in his heat had finished by the time Dallal started his final lap. His time was 4:41.12. The top time in the heats was 3:49.35.

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Boxing







28 **SPORT****Palmer pays high price for British silver**GUY HODGSON  
reports from Atlanta

As Paul Palmer received his silver for the 400 metres freestyle in the early hours of yesterday morning he personified many things. Exhilaration, achievement and even glory. The good and bad of British sport, too.

For even as the City of Lincoln swimmer was savouring his medal, as the Union Jack was being hoisted to the roof alongside the New Zealand flag of the winner Danyon Loader, he was thinking about the silver in his pocket as well as it hanging from his neck. Or rather the lack of it.

Britain shared in Palmer's pride yesterday but it had done only the bare essentials to make sure he stood on the podium in Atlanta. The 21-year-old had scrimped and saved to be able to take to the pool alongside opponents from the United States who have been generously provided for. Even his coach, Ian Turner, had given up his job for six months to get him there.

On the day the Prime Minister announced details of a national academy of sport financed by £100m of National Lottery money, the chances were that lack of funding would force Palmer away from the man who has coached him from the age of four. "I don't know if I'll still be with Paul in four years time," Turner said. "That depends. I have to sit down and think about what I do for the rest of my life now."

For Turner, a teacher, the doubt is purely because of finance. "I gave up my job for six months because I knew Paul had a chance of a medal," he



**Hardcastle heads for swimming final** Page 26  
**Eights at sixes and sevens in rowing** Page 25  
**British equestrian team miss out on medal** Page 25

said. "The ASA have helped out by employing me on their Swim 2000 programme but the rest has come out of savings."

To the tune of £15,000, "I don't consider I've made sacrifices," he continued. "I love the sport. I think it's worth it. What price can you put on a silver?"

The price Palmer put on it was his place in the sport. Funded by grants and his parents, he still lives at home and has to practise in a 25-metre pool, often in the company of school children who don't always respect his space. "I'm 21 and it's time I set up on my own," he said. "I'd always said that if I didn't come away with a medal then it was going to be pretty hard to get the cash to support myself. You can't combine the two at this level; it's either sport or a proper job."

"It needs the backing of the government, the ASA and the general public as well. Britain gets interested in swimming once every four years and they can't understand why we don't produce the goods. It's not once every four years we think about it, it's every day. If we haven't got the backing that the other countries have we're not competing on a level playing field."

The part Turner played in the success was exemplified by the moments just before the final.

Palmer believed he would win a medal, but the pressure of being reminded that it would be Britain's first weighed down on him. "Do you want me to go?" Turner asked. "No stay," was the reply. "Please stay with me."

It proved wise. As Palmer was about to go the tactics were changed. "We were going to sit on Loader's shoulder and shoot it out over the final 100m," Turner said. "But as he left I said, 'It's got to be 1:52, 1:53 over the first 200. If they're not doing that you've got to set the pace'. He's tough. He handled it."

Almost to a point where Britain's first medal of the Centennial Games was a gold. "At 200 I was feeling so strong," Palmer said. "I hadn't gone for my legs at all. I had a quick look around and besides Danyon I couldn't really see anyone that close to me. I thought, 'Yeah, I can get a gold here'. But at the last turn I didn't get a good one and Danyon accelerated out of it. I was left for dead. I tried to get after him but it wasn't to be."

He had been two places ahead of the New Zealander at 300 metres but Loader finished in a blistering 28.96 and 28.90sec over the final two lengths to burn him off and finish in 3:47.97. Palmer was



Paul Palmer (right) after finishing second to Danyon Loader (left) in the 400m freestyle final

Photograph: Doug Mills/AP

1.03sec behind. Not that the colour of the metal seemed to affect his reaction. "It's an incredible feeling that I can't see being topped in my life," he said. "I never want to forget this. If you won the lottery you couldn't feel better than I do. It's pride. It's relief. It's sheer enjoyment."

"I'm not really surprised. I've certainly trained hard for this. I knew I was good enough to win a medal and I'd have been disappointed if I'd come away without one. Having said that the feelings I'm experiencing now is such euphoria. I'll not sleep for a week."

He will of course. There is the matter of the 1500m heats today and the possible split with Turner to sober him up, although he has seen a possible way out. "There's an Olympic size pool being built in Bath," he said, "and ideally they would employ Ian as full-time coach."

I could move there and maybe a national squad be set up. That would be in a perfect world. I don't know if it'll happen."

In a less perfect world, can he continue to be a full-time swimmer? "I'm very naive," he replied. "I've never had an agent or anything like that. It's a whole new world opening up to me. I've always said that if I get an Olympic medal the money starts coming in. I've got so I'll tell you whether you make a living in a year's time. As a potential gold medalist at Sydney 2000, it will be Britain's embarrassment if he cannot."

**Kingston thrown by tough draw**

Danny Kingston established himself as an international fighter by winning the European lightweight title in May in The Hague, a success which raised great hopes of a medal in Atlanta. Yesterday, those hopes proved overly optimistic.

Having trained for four years with the Olympics in mind, Kingston knew last week, at the draw, that he had an uphill battle with a series of tough opponents. And so it proved.

In the first round, Kingston faced Sergei Kolesnikov from Russia. It says much about the Briton's standing that Neil Adams, the team manager, expected him to win despite the strong tradition of Russian judo.

Kingston did not disappoint. He went straight into the attack, taking the Russian backwards with a drop throw for waza-ari (seven points). Shortly afterwards, he caught a leg in mid-air and wheeled Kolesnikov down for three points.

But it was the coup de grace that showed Kingston's ability. Kolesnikov attacked with a fast footsweep but found himself flattened - swept off his feet himself in a very fast counter. It was Kingston at his best.

However, not even Kingston at his best is yet ready to beat the top echelon. James Pedro, the American who beat Kingston for a bronze in the world championships last year, was his

JUDO  
By Philip Nickson

opponent in the next round - and it was like an action replay. A superb shoulder throw earned the American an ippon (10 points) to end the match. When Pedro was eliminated in the next round, Kingston was given no chance to return in the repechage.

This was a severe blow for the 23-year-old from Wokingham. "That's it for me," he said. Kingston, who has competed at judo since he was five years old,

added: "I trained so hard for four years, you are ready for the competition and you lose."

Adams, though, thought that after due time for reflection, Kingston would change his mind about quitting. A member of London's Budokwai club, Kingston is approaching the peak of his career, and there is no doubting his natural ability. He is certainly one of the most talented fighters in England. And, as the British men's squad will see changes in the post-Atlanta Olympic period, he should be playing a major role in the bid for international medals in the near future - not least with the world championships in Paris in October next year.

Kingston is, however, not fit or strong enough to hold off the attacks of the top players, be it Pedro or the Japanese Kenzo Nakamura. He is often breathing heavily in mid-fight, relying on his exceptional ability to slip away from danger and dart into attack rather than stand square and meet it face on when the occasion demands.

However, there is no doubt that he put in the best performance of the British men's team in Atlanta so far. The European featherweight silver medalist Julian Davies, who fights today, and the bantamweight Nigel Donohue, who fights tomorrow, can take heart from the boldness Kingston showed.

**Obree suffers double disaster in first round**

Graeme Obree, one of Britain's main hopes of an Olympic gold medal, suffered a shock exit in the first round of the individual pursuit at the Stone Mountain velodrome yesterday, and to add to his misery, he also lost his world record.

The 30-year-old Scot, who has been suffering from a virus, was almost overtaken during the four-kilometre test by the Australian Bradley McGee in the last of the nine heats as he trailed in with the 11th fastest time of 4min 34.29sec.

Earlier, Obree, the world champion, saw his world record of 4:20.894 - set three years ago in Norway - shattered by Andrea Collinelli. The Italian's time of 4:19.699 was almost five seconds inside the Olympic record of 4:24.496 registered by Britain's Chris Boardman four years ago at the Barcelona Games.

Not satisfied with his performance, the Italian then re-



CYCLING

duced the world record for the second time, cutting it to 4:19.153.

"Obviously I'm very disappointed," the Scot said. "But my form this year just hasn't been up to it and that's what happened here. I made a reasonable start, but then went over in seconds and that's where it all started to go wrong."

"I had the chest infection in May and June and there were signs of it here when they did the blood tests, but it's a bit late in the day for that."

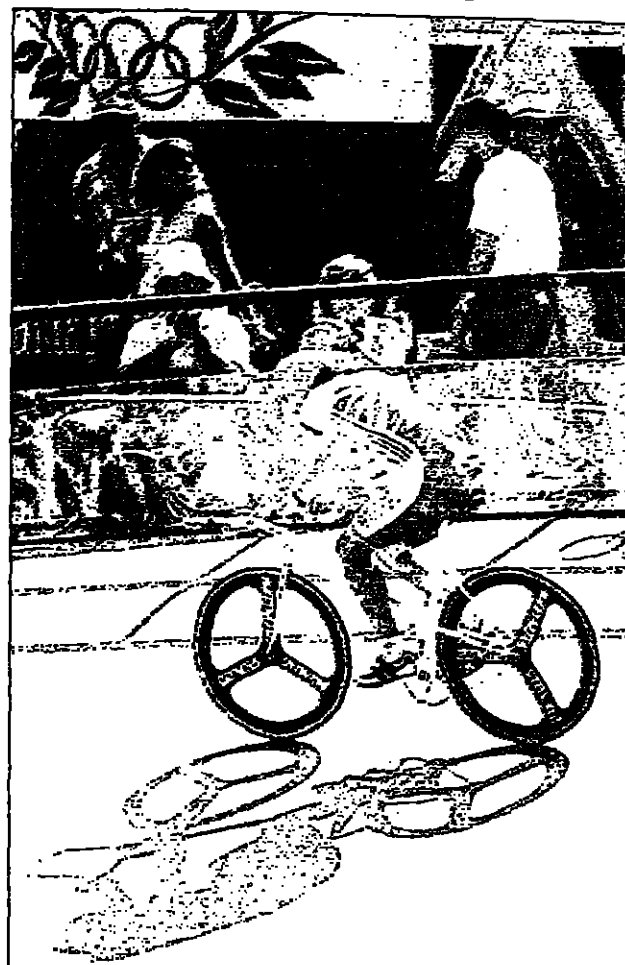
Obree, who has had a sore throat and a respiratory infection in the build-up to his event, had been hoping to emulate Boardman's 1992 Barcelona Games success in this discipline.

It was clear from the start that he was struggling in the searing heat and stifling humidity as McGee opened up a lead of 1.663sec after the first lap. The Australian increased that to 2.262 by the second lap, 2.766 by the third and 3.369 by the fourth. By the fifth lap, he had nearly reached Obree's slipstream.

McGee was then content to coast through to the quarter-finals with the fifth fastest time of 4:27.954.

Ireland's Phil Collins also bowed out after managing only the 16th fastest time of 4:41.207 when he rode in the opening heat against the South African David George.

There was further disappointment for Britain in the 1km time trial when Shaun Wallace finished 16th - 3.744 seconds behind winner Florian Rousseau, of France, who lowered the Olympic record to 1:02.712.



Obree heads for the exit yesterday

Photograph: Empics

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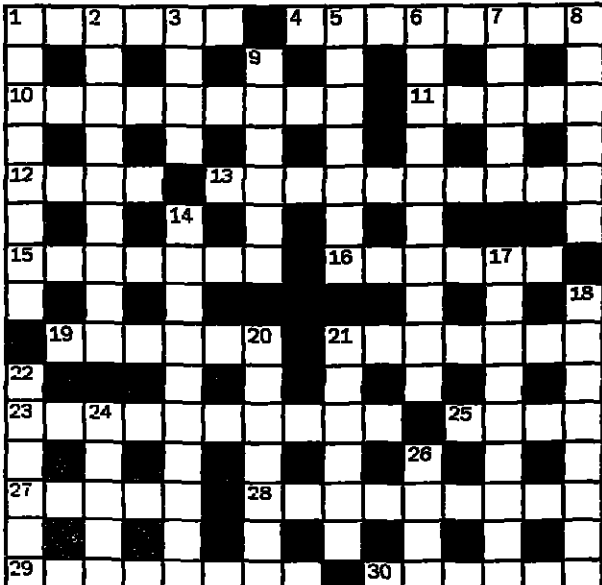
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- cream tea? (8)  
2 Extremely trendy sciences possibly associated with invention? (9)  
3 Pearls found among property (4)  
5 Arid region in Saudi Arabia, for instance? (3, 4)  
6 Not supporting the party is seen as unfriendly (10)  
7 To succeed, make certain of removing king (5)  
8 Attempt to take in provisions contained in formal agreement (6)  
9 Bishop's office hosting old Irish form of evening entertainment (6)  
14 Examples of the very latest features? (5, 5)  
17 Like a parrot that is holding on to a trivet, perhaps? (9)  
18 Places where you'll find taxis, coming from snackbar? (3-5)  
20 Wonder if vehicle one crashed into tree will turn up (7)  
21 Way Irish poet's written about love, mostly (6)  
22 Prince with French blood on both sides is freed from jail (6)  
24 Not accepting yard length in material (5)  
26 Mammal housed originally in

- ACROSS  
1 Dress which comes from an old city in the Middle East (6)  
4 Means of obtaining a lift, mostly, when in a depression? Close (8)  
10 Account accepted by firm not genuine, leading to fearful row (9)  
11 Predilection for Sense and Sensibility? (5)  
12 Painter heading for quiet spots (4)  
13 Largo, type of music featured in The Independent? (10)  
15 Merit, perhaps, in having engineers to reinforce old vessel (7)  
16 Fraud that's bound to involve the church, on reflection (6)  
19 Method whereby leaders of Youth Service get in support (6)  
21 Public walk, one by sea in a US city (7)  
23 Animal in eastern marketplace kept in enclosure (4, 6)  
25 Threadlike structure with hard appearance (4)  
27 Underworld character? (5)  
28 It's evidently going to have some effect (9)  
29 One for whom snatching a grand's not usually strange? (6)  
30 Dispicable individual breaking into Scottish lawyer's car? (6)

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